UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

May 2, 2019 (May 1, 2019)
Date of Report (Date of Earliest Event Reported)

ULTRALIFE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**000-20852**	**16-1387013**
(State of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2000 Technology Parkway, Newark, New York 14513
(Address of principal executive offices) (Zip Code)

(315) 332-7100
(Registrant's telephone number, including area code)

None
(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $0.10 par value per share	**ULBI**	**NASDAQ**
(Title of each class)	(Trading Symbol)	(Name of each exchange on which registered)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934. Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry Into a Material Definitive Agreement

Acquisition of Southwest Electronic Energy Corporation

On May 1, 2019, Ultralife Corporation, a Delaware corporation ("Ultralife" or the "Company"), completed the acquisition of 100% of the issued and outstanding shares of Southwest Electronic Energy Corporation, a Texas corporation ("SWE"), for an aggregate purchase price of $25.0 million in cash, net of cash acquired and subject to customary post-closing working capital adjustments (the "SWE Acquisition").

SWE is a leading independent designer and manufacturer of high-performance smart battery systems and battery packs to customer specifications using lithium cells. SWE serves a variety of industrial markets, including oil & gas, remote monitoring, process control and marine, which demand uncompromised safety, service, reliability and quality. The Company acquired SWE as a bolt-on acquisition to further support our strategy of commercial revenue diversification by providing entry to the oil and gas exploration and production, and subsea electrification markets, which are currently unserved by Ultralife. Another key benefit includes obtaining a highly valuable technical team of battery pack and charger system engineers and technicians to add to our new product development-based revenue growth initiatives in our commercial end-markets particularly asset tracking, smart metering and other industrial applications.

The SWE Acquisition was completed pursuant to a Stock Purchase Agreement dated May 1, 2019 (the "Stock Purchase Agreement") by and among Ultralife, SWE, Southwest Electronic Energy Medical Research Institute, a Texas non-profit (the "Seller"), and Claude Leonard Benckenstein, an individual (the "Shareholder").

The aggregate purchase price for the SWE Acquisition was funded by the Company through a combination of cash on hand and borrowings under the Credit Facilities (as defined in Item 2.03 below).

The Stock Purchase Agreement contains customary terms and conditions including representations, warranties and indemnification provisions. A portion of the consideration paid to the Seller will be held in escrow for post-closing adjustments and indemnification purposes.

The foregoing description of the Stock Purchase Agreement does not purport to be complete, and is qualified in its entirety by reference to the full text of the Stock Purchase Agreement, a copy of which is filed as Exhibit 2.1 hereto and is incorporated herein by reference.

Amended Credit Agreement

On May 1, 2019, Ultralife, SWE, and CLB, INC., a Texas corporation and wholly owned subsidiary of SWE ("CLB"), as borrowers, entered into the First Amendment Agreement (the "First Amendment Agreement") with KeyBank National Association ("KeyBank" or the "Bank"), as lender and administrative agent, to amend the Credit and Security Agreement by and among Ultralife and KeyBank dated May 31, 2017 (the "Credit Agreement", and together with the First Amendment Agreement, the "Amended Credit Agreement").

The Amended Credit Agreement, among other things, provides for a five-year, $8.0 million senior secured term loan (the "Term Loan Facility") and extends the term of the $30.0 million senior secured revolving credit facility (the "Revolving Credit Facility", and together with the Term Loan Facility, the "Credit Facilities") through May 31, 2022. Up to six months prior to May 31, 2022, the Revolving Credit Facility may be increased to $50.0 million with the Bank's concurrence.

Upon closing of the SWE Acquisition on May 1, 2019, the Company drew down the full amount of the Term Loan Facility and $6.8 million under the Revolving Credit Facility. The remaining availability under the Revolving Credit Facility is subject to certain borrowing base limits based on receivables and inventories.

The Company is required to repay the borrowings under the Term Loan Facility in sixty (60) equal consecutive monthly payments commencing on May 31, 2019, in arrears, together with applicable interest. All unpaid principal and accrued and unpaid interest with respect to the Term Loan Facility is due and payable in full on April 30, 2024. All unpaid principal and accrued and unpaid interest with respect to the Revolving Credit Facility is due and payable in full on May 31, 2022. The Company may voluntarily prepay principal amounts outstanding at any time subject to certain restrictions.

In addition to the customary affirmative and negative covenants, the Company must maintain a consolidated fixed charge coverage ratio of equal to or greater than 1.15 to 1.0, and a consolidated senior leverage ratio of equal to or less than 2.5 to 1.0, each as defined in the Amended Credit Agreement.

Borrowings under the Credit Facilities are secured by substantially all the assets of the Company.

Interest will accrue on outstanding indebtedness under the Credit Facilities at the Base Rate or the Overnight LIBOR Rate, as selected by the Company, plus the applicable margin. The Base Rate is the higher of (a) the Prime Rate, (b) the Federal Funds Effective Rate plus 50 basis points, and (c) the Overnight LIBOR Rate plus one hundred basis points. The applicable margin ranges from zero to negative 50 basis points for the Base Rate and from 185 to 215 basis points for the Overnight LIBOR Rate and are determined based on the Company's senior leverage ratio.

The Company must pay a fee of 0.1% to 0.2% based on the average daily unused availability under the Revolving Credit Facility.

Payments must be made by the Company to the extent borrowings exceed the maximum amount then permitted to be drawn on the Credit Facilities and from the proceeds of certain transactions. Upon the occurrence of an event of default, the outstanding obligations may be accelerated and the Bank will have other customary remedies including resort to the security interest the Company provided to the Bank.

The foregoing description of the Amended Credit Agreement does not purport to be complete, and is qualified in its entirety by reference to the full text of the Amended Credit Agreement, a copy of which is filed as Exhibit 10.1 hereto and is incorporated herein by reference.

The Amended Credit Agreement has been filed to provide investors and security holders with information regarding its terms, provisions, conditions, and covenants and is not intended to provide any other factual information respecting the Company or its subsidiaries. In particular the Amended Credit Agreement contains representations and warranties made to and solely for the benefit of the parties thereto, allocating among themselves various risks of the transaction. The assertions embodied in those representations and warranties may be qualified or modified by information in disclosure schedules that the parties have exchanged in connection with executing the Amended Credit Agreement. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Amended Credit Agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. Accordingly, investors and security holders should not rely on the representations and warranties in these documents as characterizations of the actual state of any fact or facts.

Item 2.01 Completion of Acquisition or Disposition of Assets

The information related to the Stock Purchase Agreement disclosed in Item 1.01 of this Current Report on Form 8-K is incorporated into this Item 2.01 by reference.

Item 2.02 Results of Operations and Financial Condition

On May 2, 2019, Ultralife Corporation issued a press release regarding the financial results for its first quarter ended March 31, 2019, together with the completion of the SWE Acquisition on May 1, 2019. A copy of this press release is attached hereto as Exhibit 99.1 and is incorporated herein by this reference.

The information set forth in this Item 2.02 and Exhibit 99.1 is being furnished to and not filed with the Securities and Exchange Commission and shall not be deemed as incorporated by reference in any filing under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except to the extent specifically provided in any such filing.

Item 2.03 Creation of a Direct Financial Obligation

The information related to the Amended Credit Agreement as defined and disclosed in Item 1.01 of this Current Report on Form 8-K is incorporated into this Item 2.03 by reference.

Item 7.01 Regulation FD

On May 2, 2019, Ultralife Corporation issued a press release announcing the completion of the SWE Acquisition on May 1, 2019, together with its financial results for its first quarter ended March 31, 2019. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information set forth in this Item 7.01 and Exhibit 99.1 is being furnished to and not filed with the Securities and Exchange Commission and shall not be deemed as incorporated by reference in any filing under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except to the extent specifically provided in any such filing.

Item 9.01 Financial Statements, Pro Forma Financials and Exhibits

(a) Financial Statements of Business Acquired

The financial statements required by this item are not being filed herewith. The Company will file the required financial statements as an amendment to this Current Report on Form 8-K as soon as practicable after the date hereof and not later than 71 days after the date this Current Report on Form 8-K would otherwise be required to be filed.

(b) Pro Forma Financial Information

The pro forma financial information required by this item is not being filed herewith. The Company will file the required pro forma financial information as an amendment to this Current Report on Form 8-K as soon as practicable after the date hereof and not later than 71 days after the date this Current Report on Form 8-K would otherwise be required to be filed.

(d) Exhibits

Exhibit Number	**Exhibit Description**
2.1*	Stock Purchase Agreement, dated May 1, 2019, by and among Ultralife Corporation, Southwest Electronic Energy Corporation, Southwest Electronic Energy Medical Research Institute, and Claude Leonard Benckenstein
10.1*	First Amendment Agreement, dated May 1, 2019, by and among Ultralife Corporation, Southwest Electronic Energy Corporation, CLB, INC., and KeyBank National Association
10.2	Intellectual Property Security Agreement, dated May 1, 2019, by and among Southwest Electronic Energy Corporation, and KeyBank National Association
10.3	Intellectual Property Security Agreement, dated May 1, 2019, by and among CLB, INC., and KeyBank National Association
10.4	Pledge Agreement, dated May 1, 2019, by and among Southwest Electronic Energy Corporation, and KeyBank National Association
10.5	Assumption and Joinder Agreement, dated May 1, 2019, by and among Ultralife Corporation, Southwest Electronic Energy Corporation, CLB, INC., and KeyBank National Association
10.6	Term Loan, dated May 1, 2019, by and among Ultralife Corporation, Southwest Electronic Energy Corporation, CLB, INC., and KeyBank National Association
99.1	Press Release of Ultralife Corporation dated May 2, 2019

* Certain exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplementally a copy of any omitted exhibit or schedule upon request by the U.S. Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 2, 2019

ULTRALIFE CORPORATION

By: /s/ Philip A. Fain
Philip A. Fain
Chief Financial Officer and Treasurer

Exhibit 2.1

EXECUTION VERSION

Certain exhibits and schedules to this Stock Purchase Agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. For a brief description of the contents of these omitted exhibits and schedules, refer to Omitted Exhibits and Schedules Disclosure List included as part of this Exhibit 2.1. The Company hereby undertakes to furnish supplementally a copy of any omitted exhibit or schedule upon request to the U.S. Securities and Exchange Commission.

STOCK PURCHASE AGREEMENT

By and Among

ULTRALIFE CORPORATION,
as the Buyer

And

SOUTHWEST ELECTRONIC ENERGY MEDICAL RESEARCH INSTITUTE,
as the Seller

And

CLAUDE LEONARD BENCKENSTEIN,
as the Shareholder

And

SOUTHWEST ELECTRONIC ENERGY CORPORATION,
as the Company

Dated May 1, 2019

TABLE OF CONTENTS

EXHIBITS AND SCHEDULES

EXHIBIT A Calculation of Working Capital

EXHIBIT B Escrow Agreement

EXHIBIT C Form of General Release

EXHIBIT D Form of Non-Competition Agreement

DISCLOSURE SCHEDULES

SCHEDULE 3.2	Authorization and Non-Contravention
SCHEDULE 3.3	Shares
SCHEDULE 3.4	Subsidiaries
SCHEDULE 3.5(a)	Financial Statements
SCHEDULE 3.6	Undisclosed Liabilities
SCHEDULE 3.7	Indebtedness
SCHEDULE 3.8	Absence of Certain Developments
SCHEDULE 3.9	Litigation
SCHEDULE 3.11	Title to Properties
SCHEDULE 3.12	Intellectual Property
SCHEDULE 3.13	Certain Contracts and Arrangements
SCHEDULE 3.14(a)	Governmental Approvals; Compliance with Laws
SCHEDULE 3.15	Insurance Coverage
SCHEDULE 3.16	Employee Matters; ERISA
SCHEDULE 3.17(b)	Labor and Employment Matters
SCHEDULE 3.17(d)	Labor and Employment Matters
SCHEDULE 3.19	Transaction with Affiliates
SCHEDULE 3.20(b)	Environmental Matters
SCHEDULE 3.20(d)	Environmental Matters
SCHEDULE 3.20(e)	Environmental Matters
SCHEDULE 3.22	Suppliers
SCHEDULE 3.23	Assets; Solvency
SCHEDULE 3.4(a)	Real Estate
SCHEDULE 4.1	Authority and Non-Contravention
SCHEDULE 4.2	Shares
SCHEDULE 6.7	Post-Closing Deliverables

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made as of May 1, 2019, by and among ULTRALIFE CORPORATION, a Delaware corporation (the "Buyer"), SOUTHWEST ELECTRONIC ENERGY MEDICAL RESEARCH INSTITUTE, a Texas charitable trust (the "Seller"), CLAUDE LEONARD BENCKENSTEIN, an individual (the "Shareholder"), and SOUTHWEST ELECTRONIC ENERGY CORPORATION, a Texas corporation (the "Company" and, together with the Company, the Shareholder and the Buyer, the "Parties").

WHEREAS, prior to March 28, 2019, the Shareholder owned 99% of the issued and outstanding equity interests (the "Shareholder Shares") of the Company and the Seller owned the remaining 1% (which such equity interests are collectively referred to herein as the "Shares");

WHEREAS, effective as of March 28, 2019, the Shareholder transferred the Shareholder Shares to the Seller;

WHEREAS, as of the date hereof, the Seller owns 100% of the Shares; and

WHEREAS, the Buyer desires to purchase from the Seller, and the Seller desires to sell to the Buyer, the Shares (the "Purchased Shares"), subject to the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I - DEFINED TERMS

1.1 Defined Terms Used in this Agreement

As used in this Agreement, the following terms have the meanings ascribed thereto below:

"Accounting Principles" means GAAP consistently applied using the same accounting principles, practices, procedures, policies, assumptions and methods (with consistent classifications, judgments, inclusions, exclusions and valuation and estimation methodologies) used in the preparation of the Historical Financials. For the avoidance of doubt, in event of a discrepancy between the Historical Financials and GAAP, GAAP will prevail.

"Affiliate" means, with respect to any specified Person, a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. For purposes of this definition, "control" (including the correlative terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting equity interest, by contract or otherwise.

"Agreement" shall have the meaning ascribed in the Preamble.

"Balance Sheet Date" shall have the meaning ascribed in Section 3.5.

"Basket" shall have the meaning ascribed in Section 7.3

"Business" shall have the meaning ascribed in Section 6.2.

"Business Day" means a day other than Saturday, Sunday or any day on which banks located in Houston, Texas are authorized or obligated to close.

"Buyer" shall have the meaning ascribed in the Preamble.

"Buyer Indemnified Parties" shall have the meaning ascribed in Section 7.3.

"Buyer Prepared Tax Returns" shall have the meaning ascribed in Section 6.4(a)(ii).

"Buyer Transaction Expenses" shall mean the fees, costs and expenses incurred by the Buyer in connection with the transactions contemplated by this Agreement and the other Transaction Documents.

"Cash" shall mean the aggregate amount of the Company's cash and cash equivalents plus, without duplication, security deposits and checks, wire transfers, ACH transactions and credit card payments in transit to the Company as of the measurement date therefor, and minus, without duplication, outstanding checks, wire transfers, ACH transactions and credit card payments in transit by the Company to the extent there has been a reduction in accounts payable in the calculation of Working Capital on account thereof.

"CERCLA" shall have the meaning ascribed in Section 3.20.

"Closing" shall have the meaning ascribed in Section 2.2.

"Closing Balance Sheet" shall have the meaning ascribed in Section 2.6.

"Closing Cash" shall mean the aggregate amount of Cash held by the Company, as of immediately prior to the Closing, and prior to giving effect to the transactions contemplated hereby, determined in accordance with the Accounting Principles.

"Closing Certificate" has the meaning ascribed in Section 2.5.

"Closing Date" shall have the meaning ascribed in Section 2.2.

"Closing Net Purchase Price" means an amount equal to the Purchase Price *minus* (i) the Estimated Indebtedness, the Estimated Company Transaction Expenses, the Estimated Working Capital Deficiency (if any) and the Escrow Amount *plus* (ii) the Estimated Working Capital Surplus (if any) and the Estimated Closing Cash (in each case of the foregoing clauses (i)-(ii), as set forth on the Closing Certificate delivered to the Buyer pursuant to Section 2.5).

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Company" shall have the meaning ascribed in the Preamble.

"Company Data" shall have the meaning ascribed in Section 3.12(c).

"Company Database" shall have the meaning ascribed in Section 3.12(c).

"Company Intellectual Property" shall have the meaning ascribed in Section 3.12(a).

"Company Transaction Expenses" shall mean all expenses of the Company or its directors, managers, officers, employees, direct and indirect partners, equity holders, agents, representatives, shareholders, or Affiliates, (other than the Buyer and its directors, managers, officers, employees, direct and indirect partners, equity holders, agents, representatives, shareholders, or pre-transaction Affiliates) incurred prior to the Closing in connection with the transactions contemplated by this Agreement and the other Transaction Documents that have not been paid as of the Closing, including without limitation (i) all fees and expenses of attorneys, accountants and other service providers payable by or on behalf of the Company, and (ii) the amount of stay bonuses, sales bonuses, transaction or similar bonuses, change of control payments, retention payments or other similar payments that are accelerated, accrue or become payable to, or in respect of any current or former employee, individual independent contractor or other service provider, officer or director of the Company or any other Person, in each case, pursuant to agreements or plans in place prior to the Closing Date in connection with the consummation of the transactions contemplated hereby and payable by the Company, including, in each case, the employer portion of any payroll, social security, unemployment or similar Taxes paid, payable or incurred by the Company in connection therewith.

"Competitive Business" shall mean any business that, directly or indirectly, competes with the Business.

"Confidential Data" shall have the meaning ascribed in Section 3.12(c).

"Continuing Employee" means each employee who is employed by the Company as of immediately prior to the Closing and whose employment continues with the Buyer or any of its Subsidiaries after the Closing.

"Current Assets" means accounts receivable, inventory, prepaid expenses, and the Permitted RML Asset but excluding (a) the portion of any prepaid expense of which the Buyer will not receive the benefit following the Closing, (b) deferred Tax assets, (c) Cash, and (d) receivables from any of the Company's Affiliates, directors, employees, officers or stockholders and any of their respective Affiliates, determined in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Financial Statements for the most recent fiscal year end as if such accounts were being prepared as of a fiscal year end.

"Current Liabilities" means accounts payable, accrued Taxes and accrued expenses, but excluding (a) payables to any of the Company's Affiliates, directors, employees, officers or stockholders and any of their respective Affiliates, (b) deferred Tax liabilities, (c) Company Transaction Expenses, and (d) the current portion of any Indebtedness of the Company, determined in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Financial Statements for the most recent fiscal year end as if such accounts were being prepared as of a fiscal year end.

"De Minimis Claim" shall have the meaning set forth in Section 7.3.

"Disclosure Schedule" shall have the meaning ascribed in Article III.

"Dispute Period" has the meaning ascribed in Section 7.6(b).

"Employee Benefit Plan" shall have the meanings ascribed in Section 3.16.

"Encumbrances" shall mean any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

"Environmental Claim" shall mean any legal claim, legal demand or Legal Proceeding arising under the Environmental Laws.

"Environmental Laws" shall mean any applicable law, and any order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term "Environmental Law" includes, without limitation, the following (including their implementing regulations and any state analogs); CERCLA; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.

"Environmental Notice" shall mean any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law or any term or condition of any Environmental Permit.

"Environmental Permit" shall mean any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

"ERISA" shall have the meaning ascribed in Section 3.16.

"Escrow Agent" means KeyBank, a National Banking Association.

"Escrow Agreement" means the escrow agreement to be entered into as of the Closing Date, substantially in the form of Exhibit B attached hereto.

"Escrow Amount" means 4% of the Purchase Price.

"Estimated Closing Cash" shall mean the estimated Closing Cash as set forth in the Closing Certificate delivered to the Buyer pursuant to Section 2.5.

"Estimated Company Transaction Expenses" shall mean the estimated Company Transaction Expenses that are unpaid as of, or become payable after, the Closing, as set forth in the Closing Certificate delivered to the Buyer pursuant to Section 2.5.

"Estimated Indebtedness" shall mean the estimated Indebtedness of the Company as of immediately prior to the Closing, as set forth on the Closing Certificate delivered to the Buyer pursuant to Section 2.5.

"Estimated Working Capital Deficiency" shall mean the estimated Working Capital Deficiency of the Company as of immediately prior to the Closing (determined in accordance with Exhibit A attached hereto), as set forth on the Closing Certificate delivered to the Buyer pursuant to Section 2.5.

"Estimated Working Capital Surplus" shall mean the estimated Working Capital Surplus of the Company as of immediately prior to the Closing (determined in accordance with Exhibit A attached hereto), as set forth on the Closing Certificate delivered to the Buyer pursuant to Section 2.5.

"Final Closing Cash" shall have the meaning ascribed in Section 2.6(b).

"Final Company Transaction Expenses" shall have the meaning set forth in Section 2.6(b).

"Final Indebtedness" shall have the meaning ascribed in Section 2.6(b).

"Final Net Purchase Price" shall mean an amount equal to the Purchase Price *minus* (i) the Final Indebtedness, the Final Company Transaction Expenses and the Final Working Capital Deficiency (if any), *plus* (ii) the Final Working Capital Surplus (if any) and the Final Closing Cash.

"Final Working Capital Deficiency" shall have the meaning ascribed in Section 2.6(b).

"Final Working Capital Surplus" shall have the meaning ascribed in Section 2.6(b).

"Financial Statements" shall have the meaning ascribed in Section 3.5.

"Fundamental Representations of the Buyer" shall have the meaning ascribed in Section 7.2.

"Fundamental Representations of the Seller" shall have the meaning ascribed in Section 7.2.

"GAAP" shall have the meaning ascribed in Section 3.5.

"Governmental Authority" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of law), or any arbitrator, court or tribunal of competent jurisdiction.

"Hazardous Material" means any substance or material meeting any one or more of the following criteria: (i) it is or contains a substance designated as a hazardous waste, hazardous substance, hazardous material, pollutant, contaminant or toxic substance under any Environmental Law; (ii) it is toxic, explosive, corrosive, reactive, ignitable, infectious, radioactive, mutagenic, dangerous or otherwise hazardous; (iii) its presence at some quantity requires investigation, notification or remediation under any Environmental Law; or (iv) it is or contains, without limiting the foregoing clauses (i)-(iii), asbestos, polychlorinated biphenyls, petroleum hydrocarbons, petroleum derived substances or waste, crude oil or any fraction thereof, nuclear fuel or waste, natural gas or synthetic gas.

"Historical Financials shall have the meaning ascribed in Section 3.5.

"Indebtedness" shall mean with respect to any Person, without duplication: (i) any indebtedness for borrowed money (including credit card liabilities or obligations) or issued in substitution for or exchange of indebtedness for borrowed money, whether current, short-term or long-term, secured or unsecured, including principal, premium (if any) and accrued interest; (ii) any indebtedness or obligation evidenced by any bond, debenture, note, debt security, unfunded letter of credit or other similar instrument, including principal, premium (if any) and accrued interest; (iii) any obligations for earn-outs or other similar payments owed in connection with any acquisitions; (iv) any guaranty of any other Person for the obligations and indebtedness set forth in subsections (i) through (iii) herein; and (v) any accrued and unpaid interest on, and any prepayment premiums, penalties or similar contractual charges in respect of, any of the foregoing obligations computed as though payment is being made in respect thereof at the time of Closing. For the avoidance of doubt, "Indebtedness" shall expressly exclude any indebtedness related to equipment financing arrangements, including, but not limited to, capital leases, and credit card accounts in good standing.

"Indemnified Party" shall have the meaning ascribed in Section 7.6.

"Indemnifying Party" shall have the meaning ascribed in Section 7.6.

"Independent Accounting Firm" shall have the meaning ascribed in Section 2.6(a).

"Inventory" shall have the meaning set forth in Section 3.23(b).

"Item of Dispute" shall have the meaning ascribed in Section 2.6(a).

"Interim Financials" shall have the meaning ascribed in Section 3.5.

"Knowledge" shall have the meaning ascribed in Article III.

"Law" means any applicable (a) international, multinational, foreign, federal, state, local or municipal law, rule, statute, constitution, treaty, regulation, judgment, injunction, common law, order, directive, ordinance, code, decree, other requirements having the force of law, and any legally-binding requirements in a Permit or restriction of any Governmental Authority or (b) governmental order.

"Leases" shall have the meaning ascribed in Section 3.11.

"Legal Proceeding" shall mean any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative or appellate proceeding), hearing or formal inquiry or audit commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Authority or any arbitrator or arbitration panel.

"Loss" or "Losses" shall mean any losses, liabilities, costs, fines, penalties, interests, expenses (including the reasonable fees, costs and expenses of attorneys, accountants, consultants, experts, and other professionals) and damages.

"Material Adverse Effect" means any event, circumstance, change, occurrence or effect (collectively, "Events") that, individually, has had a continuing material and adverse effect upon the assets, liabilities, financial condition or operating results of a Person and its subsidiaries, taken as a whole; *provided*, *however*, that none of the following shall be deemed to constitute, and no adverse Event arising from or relating to the following shall be taken into account in determining whether there has been, a Material Adverse Effect: (a) general economic or political conditions, including such conditions related to the business thereof, (b) changes the law or in GAAP, (c) the taking of any action permitted by this Agreement and the other agreements contemplated hereby, (d) any "act of God," including, but not limited to, weather, fires, natural disasters and earthquakes, or (e) changes resulting from the announcement of the execution of this Agreement or the transactions contemplated hereunder or the consummation of such transactions.

"Negative Adjustment Amount" shall have the meaning ascribed in Section 2.6(c).

"Notice" shall have the meaning ascribed in Section 7.6.

"Notice of Disagreement" shall have the meaning ascribed in Section 2.6(a).

"Owned Real Property" shall have the meaning ascribed in Section 3.24(a).

"Party" or "Parties" shall mean those entities or individuals identified in the first paragraph of the Preamble.

"Permits" shall have the meaning ascribed in Section 3.14.

"Permitted Encumbrances" means each of the following: (a) Encumbrances incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations; (b) mechanics', carriers', workers', repairers', materialmen's, warehousemen's, landlords' and other similar Encumbrances which (1) purely arise due to statutory provisions, (2) arise in the ordinary course of business and (3) relate to charges that are not overdue, delinquent or disputed; (c) requirements and restrictions of zoning, building and other Laws, rules and regulations which do not arise as a result of a violation of Law; and (d) liens arising under conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business, in each case which are scheduled on Schedule 3.24(a) below.

"Permitted RML Asset" shall mean an asset on the books of the Company in an amount equal to $140,186 representing a credit to the Company for pre-payments on termination fees due and owing to Royal Machine Leasing Co., Inc., a Texas corporation.

"Person" shall mean an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

"Personal Data" shall have the meaning ascribed in Section 3.12(c).

"Positive Adjustment Amount" shall have the meaning ascribed in Section 2.6(d).

"Pre-Closing Tax Period" shall mean any Tax period ending prior to the Closing Date and that portion of any Straddle Period ending on (and including) the day prior to the Closing Date.

"Privacy Commitments" shall have the meaning ascribed in Section 3.12(c).

"Privacy Laws" shall have the meaning ascribed in Section 3.12(c).

"Privacy Policy" shall have the meaning ascribed in Section 3.12(c).

"Process" or "Processing" shall have the meaning ascribed in Section 3.12(c).

"Purchase Price" shall have the meaning ascribed in Section 2.1.

"Purchased Shares" shall have the meaning ascribed in the Recitals.

"Regulatory Representations" shall have the meaning ascribed in Section 7.2.

"Release" means any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, dispersal, leaching or migration into the environment (including, without limitation, ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property, including the movement of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

"Seller" shall have the meaning ascribed in the Preamble.

"Seller Indemnified Parties" shall have the meaning ascribed in Section 7.4.

"Seller Indemnifying Party" shall have the meaning ascribed in Section 7.3.

"Seller Prepared Tax Returns" shall have the meaning ascribed in Section 6.4(a)(i).

"Share Purchase" shall have the meaning ascribed in Section 2.1.

"Shares" shall have the meaning ascribed in the Recitals.

"Specified Employee" shall have the meaning ascribed in Section 6.2(a)(i).

"Straddle Period" shall mean any Tax period beginning before the Closing Date and ending on or after the Closing Date.

"Subsidiary" means, with respect to a specified Person, any corporation or other Person of which securities or other interests having the power to elect a majority of that corporation's or other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that corporation or other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred) are held by the specified Person or one or more of its Subsidiaries. When used in this Agreement without reference to a particular Person, "Subsidiary" means a Subsidiary of the Company.

"Suppliers" shall have the meaning ascribed in Section 3.22.

"Target Working Capital" shall mean $6,992,954, representing Working Capital at December 31, 2018, excluding Cash.

"Tax" or "Taxes" shall mean any federal, state, local or foreign income, gross receipts, branch profits, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, ad valorem, value added, alternative or add-on minimum or estimated tax or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

"Tax Authority" shall mean any Governmental Authority, board, bureau, body, department or authority of any United States federal, state or local jurisdiction or any foreign jurisdiction, having or purporting to exercise jurisdiction with respect to any Tax.

"Tax Contest" shall have the meaning ascribed in Section 6.4(b).

"Tax Return" shall mean any return, declaration, report, claim for refund or information return or statement of any kind relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof, filed or required to be filed with any Tax Authority.

"Term" shall have the meaning ascribed in Section 6.2(a).

"Territory" shall have the meaning ascribed in Section 6.2.

"Third-Party Claim" shall have the meaning ascribed in Section 7.6

"Transaction" shall have the meaning ascribed in Section 2.1.

"Transaction Documents" shall mean this Agreement, the Escrow Agreement, the Non-Competition Agreement, and the General Release.

"Transfer Taxes" shall have the meaning ascribed in Section 6.4(e).

"Working Capital" means as of immediately prior to Closing, the Current Assets of the Company minus the Current Liabilities of the Company

"Working Capital Deficiency" means the amount, if any, by which the difference between the Target Working Capital and the Working Capital exceeds $10,000.

"Working Capital Surplus" means the amount, if any, by which the difference between the Working Capital and the Target Working Capital exceeds $10,000.

ARTICLE II - PURCHASE AND SALE OF SHARES

2.1 Purchase and Sale of the Purchased Shares

At the Closing, on the terms and subject to the conditions set forth in this Agreement, the Seller shall sell the Shares and the Buyer shall purchase the Seller's right, title and interest in and to such Shares, free and clear of all liens and voting restrictions (other than transfer restrictions imposed by applicable securities Laws and those put in place by the Buyer at Closing) (the "Share Purchase"), in exchange for an aggregate cash payment of $25,000,000 (the "Purchase Price"), as further adjusted pursuant to Article II (collectively, the "Transaction").

2.2 Closing

The Transaction shall occur at a closing (the "Closing") to take place at: (i) the offices of Lippes Mathias Wexler Friedman LLP, 50 Fountain Plaza, Buffalo, New York 14203 at 10:00 am, Buffalo time, with an effective time of 12:01 am, Buffalo time, on the date hereof; (ii) the offices of Norton Rose Fulbright, 1301 McKinney St. Suite 5100, Houston, Texas, 77010, with an effective time of 12:01 am, Houston time, on the date hereof; or (iii) at such other time or such other place as the Parties hereto may mutually determine, including remotely via the exchange of documents and signatures (the "Closing Date").

2.3 Payments at the Closing

At the Closing:

(a) the Buyer shall deliver or shall cause to be delivered to the Seller, in accordance with Section 2.1, by wire transfer of immediately available funds to a bank account designated in writing by the Seller the Closing Net Purchase Price;

(b) the Buyer shall cause to be paid to each holder of Indebtedness of the Company from which the Buyer shall have received a payoff letter in accordance with second to the last sentence of this Section 2.3, the amount of Indebtedness to be repaid as of the Closing Date pursuant to such payoff letter;

(c) the Buyer shall cause to be paid the Company Transaction Expenses for which the Buyer shall have received an invoice in accordance with the second to last sentence of this Section 2.3, the amount to be paid at the Closing pursuant to such invoices; and

(d) the Buyer shall deposit the Escrow Amount by wire transfer of immediately available funds into an escrow account to be established pursuant to the Escrow Agreement, to satisfy (or partially satisfy) the Seller Indemnifying Parties' payment obligations under Article VII; and

(e) the Buyer shall cause to be paid at the Buyer's sole cost (and not as a portion of the Purchase Price) the Buyer Transaction Expenses to the appropriate party to which such payments are due.

In order to facilitate the payments pursuant to Section 2.3(b) and Section 2.3(c), the Company shall, no later than one Business Day prior to the Closing Date, deliver to the Buyer (x) fully executed payoff letters, each on terms and in a form reasonably satisfactory to the Buyer, from each holder of Indebtedness of the Company or any of its Subsidiaries that is to be repaid on the Closing Date pursuant to Section 2.3(b) and shall have made arrangements reasonably satisfactory to the Buyer for such holders of such Indebtedness to deliver all related lien releases to the Buyer as soon as practicable after the Closing and (y) invoices for each of the Company Transaction Expenses that is to be paid at Closing. For the avoidance of doubt, Indebtedness related to equipment financing arrangements will remain outstanding and will not be paid off at Closing.

2.4 **Closing Deliveries**

(a) At the Closing, the Seller shall deliver, or shall cause to be delivered, the following to the Buyer:

(i) a certificate signed by an officer of the Company and the Seller, certifying as to the resolutions of the Board of Directors (or comparable governing body) of the Company and the Seller approving this Agreement and the transactions contemplated hereby;

(ii) certificates issued by the Secretary of State of the State of Texas and such states in which the Company is qualified as a foreign business entity, certifying that the Company is in active status or good standing in their respective states;

(iii) resignations, effective as of the Closing, from each Person who serves as a director or officer (or comparable position) of the Company or any of its subsidiaries as of immediately prior to the Closing;

(iv) an executed IRS Form W-9 from the Seller;

(v) a consent to change of control from INFOR;

(vi) the escrow agreement in the form attached as Exhibit B (the "Escrow Agreement") executed by the Seller;

(vii) a general release in the form attached as Exhibit C (the "General Release") executed by the Seller and the Shareholder;

(viii) a non-competition agreement in the form attached as Exhibit D (the "Non-Competition Agreement") executed by the Seller and the Shareholder.;

(ix) an executed payment direction letter; and

(x) evidence in a form satisfactory to the Buyer that all of the assets owned by Royal Marine Leasing, Co., Inc., a Texas corporation, which are used in the operation of the Business of the Company have been transferred to the Company free of any Encumbrances.

(b) At the Closing, the Buyer shall deliver, or cause to be delivered, the following to the Shareholder and the Seller:

(i) a certificate signed by an officer of the Buyer, certifying as to the resolutions of the Board of Directors of the Buyer approving this Agreement and the transactions contemplated hereby;

(ii) the Escrow Agreement, executed by the Buyer and Escrow Agent;

(iii) the General Release, executed by the Buyer;

(iv) the Non-Competition Agreement, executed by the Buyer; and

(v) certificates issued by the Secretary of State of the State of Delaware, certifying that the Buyer is in active status or good standing in Delaware.

(c) At the Closing, the following shall occur:

(i) the Buyer shall purchase the Purchased Shares by paying, or causing to be paid, to the Seller the Closing Net Purchase Price by wire transfer to bank accounts designated by the Seller prior to the Closing;

(ii) the Seller shall assign, and effective at Closing hereby does assign, the Purchased Shares owned by the Seller to the Buyer, and the books and records of Company shall be updated to reflect such transfer;

(iii) the Company and the Seller shall deliver to the Buyer such other supporting documents and certificates as the Buyer may reasonably request; and

(iv) the Buyer shall deliver, or cause to be delivered, the Escrow Amount to the Escrow Agent.

2.5 **Closing Certificate**

The Seller and the Buyer have agreed upon a written statement, duly certified by the Chief Executive Officer of the Company (the "Closing Certificate"): (a) certifying as to the Company's and the Seller's determination of (i) the Estimated Company Transaction Expenses, (ii) the Estimated Working Capital Deficiency, if any, (iii) the Estimated Working Capital Surplus, if any, (iv) the Estimated Indebtedness**,** (v) the Estimated Closing Cash, and (v) the Closing Net Purchase Price, in each case as of immediately prior to the Closing and, if applicable, in accordance with Exhibit A and the Accounting Principles, *provided* that in the event of a conflict between Exhibit A and the Accounting Principles, Exhibit A shall prevail; (b) accurately setting forth (to the extent practicable as of such date) the Closing Net Purchase Price; and (c) confirming that the Closing Certificate was properly prepared in good faith and in accordance with Exhibit A and the Accounting Principles, *provided* that in the event of a conflict between Exhibit A and the Accounting Principles, Exhibit A shall prevail. Concurrently with delivery of the Closing Certificate, the Company shall also deliver to the Buyer, in such detail as is reasonably acceptable to the Buyer, all reasonable information on which the calculations reflected in the Closing Certificate are based.

2.6 **Post-Closing Adjustment**

(a) Promptly, but in any event within 60 days after the Closing Date, the Buyer shall (X) prepare and deliver to the Seller a balance sheet of the Company (the "Closing Balance Sheet") (prepared in accordance with Exhibit A and the Accounting Principles, *provided* that in the event of a conflict between Exhibit A and the Accounting Principles, Exhibit A shall prevail), which will reflect in reasonable detail the Buyer's determination of (i) the unpaid Company Transaction Expenses (which shall be included as a liability of the Company on the Closing Balance Sheet)), (ii) the Working Capital Deficiency, if any, (iii) the Working Capital Surplus, if any, (iv) the Indebtedness of the Company, and (v) the Closing Cash, in each case as of immediately prior to the Closing, and (Y) deliver to the Seller the Closing Balance Sheet, together with a certificate of the Buyer executed on its behalf by its Chief Financial Officer confirming that the Closing Balance Sheet was properly prepared in good faith and in accordance with Exhibit A and the Accounting Principles, *provided* that in the event of a conflict between Exhibit A and the Accounting Principles, Exhibit A shall prevail. For the avoidance of doubt, the provisions of Exhibit A shall be interpreted so as to avoid double counting (whether positive or negative), of any item to be included in the Closing Balance Sheet, including Working Capital, Company Transaction Expenses, Closing Cash and Indebtedness.

(b) If the Seller in good faith disagrees with the Buyer's determination of the Company Transaction Expenses, Working Capital Deficiency, Working Capital Surplus, Indebtedness and/or Closing Cash in each case as reflected on the Closing Balance Sheet, the Seller may, within 30 days after receipt of the Closing Balance Sheet, deliver a written notice (the "Notice of Disagreement") to the Buyer setting forth each item of dispute (each an "Item of Dispute"), the reasonable basis for such dispute and the Seller's calculation of such Item of Dispute. If the Buyer does not receive a Notice of Disagreement within 30 days after delivery by the Buyer of the Closing Balance Sheet, the Closing Balance Sheet shall be conclusive and binding upon each of the Parties. If the Buyer receives a Notice of Disagreement from the Seller within 30 days after delivery by the Buyer of the Closing Balance Sheet, the Buyer and the Seller shall attempt in good faith to resolve each Item of Dispute, and, if any Item of Dispute is so resolved, the Closing Balance Sheet shall be modified to the extent necessary to reflect such resolution. During the period between the Buyer's delivery of the Closing Balance Sheet pursuant to Section 2.6(a) and the final determination of the same pursuant to Section 2.6(b), the Buyer shall provide the Seller and its representatives with reasonable access to the books, records, personnel and representatives of the Company, and such other information related to the Company as the Seller or its representatives may reasonably request, so as to enable the Seller and its representatives to analyze the Closing Balance Sheet and the underlying calculations and documents related thereto. If any Item of Dispute remains unresolved as of the 30th day after timely delivery by the Seller of the Notice of Disagreement, the Buyer and the Seller shall jointly retain an impartial, nationally recognized firm of independent certified public accountants agreeable to both the Buyer and Seller (the "Independent Accounting Firm") to resolve such remaining disagreement, it being understood that any item not included as an Item of Dispute on the Notice of Disagreement shall be conclusive and binding upon each of the Parties as set forth on the Closing Balance Sheet. The Buyer and the Seller shall request that the Independent Accounting Firm render a determination as to each unresolved Item of Dispute as soon as practicable after its retention and in no event greater than 30 days after the engagement of the Independent Accounting Firm, and each of the Buyer, the Seller and each of their respective agents and representatives shall cooperate with the Independent Accounting Firm, and shall provide the Independent Accounting Firm with reasonable access to their respective books, records, personnel and representatives and such other information as the Independent Accounting Firm may reasonably request, so as to enable it to make such determination as quickly and accurately as practicable. The Independent Accounting Firm shall consider only those Items of Dispute and amounts related thereto that were set forth in the Closing Balance Sheet and the Notice of Disagreement and that remain unresolved by the Buyer and the Seller, and in resolving any Item of Dispute, the Independent Accounting Firm may not assign a value to any item greater than the greatest value for such item claimed by either Party nor less than the smallest value for such item claimed by either Party. The Independent Accounting Firm's determination(s) shall be based upon the definitions of Company Transaction Expenses, Working Capital Deficiency, Working Capital Surplus, Indebtedness and Closing Cash (as applicable) included herein and in accordance with Exhibit A and the Accounting Principles (*provided* that in the event of a conflict between Exhibit A and the Accounting Principles, Exhibit A shall prevail). The Independent Accounting Firm's determination of each Item of Dispute submitted to it shall be in writing, shall conform with this Section 2.6 and, absent manifest error, shall be conclusive and binding upon each of the Parties, and the Closing Balance Sheet shall be modified to the extent necessary to reflect such determination(s). The Independent Accounting Firm shall allocate its fees, costs and expenses between the Buyer on the one hand, and the Seller on the other hand, based upon the percentage which the portion of the contested amount not awarded to each such Person bears to the amount actually contested by such Person. The Company Transaction Expenses, Working Capital Deficiency, Working Capital Surplus, Indebtedness and Closing Cash, in each case as of immediately prior to the Closing and as finally determined pursuant to this Section 2.6, are referred to herein as the "Final Company Transaction Expenses," "Final Working Capital Deficiency," "Final Working Capital Surplus," "Final Indebtedness," and "Final Closing Cash," respectively.

(c) Negative Adjustment. If the Closing Net Purchase Price exceeds the Final Net Purchase Price (such excess amount, the "Negative Adjustment Amount"), then the Seller and/or the Shareholder shall promptly (but in any event within five Business Days following the final determination of the Final Net Purchase Price) pay an amount equal to such insufficiency to the Buyer.

(d) Positive Adjustment. If the Final Net Purchase Price exceeds the Closing Net Purchase Price (such excess amount, the "Positive Adjustment Amount"), then the Buyer and/or the Company shall promptly (but in any event within two Business Days following the final determination of Final Net Purchase Price) pay the Positive Adjustment Amount to the Seller.

Any payments made to any Party pursuant to Section 2.6 shall be treated as an adjustment of the Purchase Price for all Tax purposes to the greatest extent permitted by law and shall be reported as such by the Parties on their Tax Returns.

2.7 **Escrow Amount**

(a) At the Closing, the Buyer and the Seller shall enter into the Escrow Agreement with the Escrow Agent. Subject to the terms and conditions of this Agreement, at the Closing, the Buyer shall pay a portion of the Purchase Price in an amount equal to the Escrow Amount to the Escrow Agent for deposit in the escrow account in accordance with the Escrow Agreement.

(b) Each of the Buyer and the Escrow Agent shall be entitled to deduct and withhold from any consideration or other amount payable or otherwise deliverable to any Person pursuant to this Agreement such amounts as the Buyer and the Escrow Agent are required to deduct or withhold therefrom under the Code, or any Tax law, with respect to the making of such payment. To the extent that such amounts are so withheld by the Buyer or the Escrow Agent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person to whom or to which such amounts would otherwise have been paid by the Buyer or the Escrow Agent.

ARTICLE III - REPRESENTATIONS AND WARRANTIES OF THE COMPANY

In order to induce the Buyer to enter into this Agreement and consummate the transactions contemplated hereby, the Company hereby represents and warrants to the Buyer that, except as and to the extent disclosed in a written Disclosure Schedule provided by the Company to the Buyer dated as of the Closing, as reviewed and accepted by the Buyer (the "Disclosure Schedule"), the statements contained in this Article III are true and correct as of the Closing. The Disclosure Schedule attached to this Agreement (a) shall be arranged in sections corresponding to the applicable sections of this Agreement, and (b) shall not be construed as indicating that any matter disclosed therein is required to be disclosed, nor shall such disclosure be construed as an admission that such information is material to the Company. References to the "Knowledge" of the Company or the Seller are deemed to mean the actual knowledge of the Shareholder, Paula White, Leon Adams, Bill Kvinta, Richard Draut, and Pamela Daniel after making reasonable inquiry into the subject matter in question. For the avoidance of doubt, to the extent that a representation or warranty refers to a prior time period, all references to the "Company" as used in such representation or warranty shall include the Company as in existence during that time period, including prior names and corporate and limited liability company or entity forms.

3.1 Organization and Company Power

The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas. The Company has all requisite corporate power and authority to own its properties, to carry on its business as presently conducted, to enter into and perform this Agreement and the Transaction Documents to which it is a Party and to carry out the transactions contemplated hereby and thereby. The Company is duly licensed or qualified to do business as a foreign business entity in each jurisdiction wherein the character of its property, or the nature of the activities presently conducted by it, makes such qualification necessary. The Company is not in violation of any term or provision of its organizational documents, each as in effect as of this date.

3.2 Authorization and Non-Contravention

(a) The Transaction Documents to which the Company is a party (when executed by the Company and the other parties thereto) are valid and binding obligations of the Company, enforceable in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws, from time to time in effect, which affect enforcement of creditors' rights generally. The execution, delivery and performance of the Transaction Documents to which the Company is a party and the sale and delivery of the Shares in accordance with this Agreement, have been duly authorized by all necessary corporate or other action of the Company.

(b) Except as set forth on Schedule 3.2, the execution, delivery and performance of the Transaction Documents by the Company, including, without limitation, the sale and delivery of the Shares in accordance with this Agreement and the performance by the Company of any transactions contemplated by the Transaction Documents to which the Company is a party will not: (i) violate or result in a default (whether after the giving of notice, lapse of time or both) under any contract or obligation to which the Company is a party or by which it or its assets are bound, or any provision of the organizational document of the Company, or cause the creation of any Encumbrance upon any of the assets of the Company; (ii) violate, conflict with or result in a default (whether after the giving of notice, lapse of time or both) under, any provision of any material law, regulation or rule, or any order of, or any restriction imposed by any court or other governmental agency applicable to the Company; (iii) require from the Company any notice to, declaration or filing with, or consent or approval of any Governmental Authority, other than pursuant to federal or state securities or blue sky laws, or other third party; or (iv) accelerate any obligation under, or give rise to a right of termination of, any material agreement, permit, license or authorization to which the Company is a party or by which it is bound.

3.3 **Shares**

There are 34,509.6 Shares of the Company issued and outstanding. Except as set forth on Schedule 3.3, all 34,509.6 Shares of the Company are held beneficially (for income tax purposes) and of record solely by the Seller. Except as disclosed in Schedule 3.3 and in the Transaction Documents, there are no outstanding subscriptions, options, warrants, phantom rights, commitments, agreements, arrangements or commitments of any kind for or relating to the issuance, or sale of, or outstanding securities convertible into or exchangeable for, any shares of any class or other equity interests of the Company. Except as set forth in Schedule 3.3 or as expressly provided for in this Agreement, the Company does not have any obligation to purchase, redeem, or otherwise acquire any of its equity interests or any interests therein. All of the outstanding equity interests of the Company are duly authorized, validly issued, fully paid and nonassessable. There are no preemptive rights, rights of first refusal, put or call rights or obligations or anti-dilution rights with respect to the issuance, sale or redemption of the Company's equity interests, other than rights set forth herein. Other than the rights set forth in Schedule 3.3, there are no rights to have the Company's equity interests registered for sale to the public pursuant to the laws of any jurisdiction, and, to the Knowledge of the Company, there are no agreements relating to the voting of the Company's voting securities or restrictions on the transfer of the Company's equity interests.

3.4 **Subsidiaries**

Except as set forth on Schedule 3.4, the Company does not own or control, directly or indirectly, any interest in any other corporation, partnership, limited liability company, association or other business entity. At the Closing all of the equity interests of the Subsidiaries will be held beneficially (including for income tax purposes) and of record solely by the Company. Except as disclosed in Schedule 3.4 and in the Transaction Documents, there are no outstanding subscriptions, options, warrants, phantom rights, commitments, agreements, arrangements or commitments of any kind for or relating to the issuance, or sale of, or outstanding securities convertible into or exchangeable for, any equity interests of any Subsidiary. Except as set forth in Schedule 3.4 or as expressly provided for in this Agreement, no Subsidiary has any obligation to purchase, redeem, or otherwise acquire any of its equity interests or any interests therein. All of the outstanding equity interests of each Subsidiary are duly authorized, validly issued, fully paid and nonassessable. There are no preemptive rights, rights of first refusal, put or call rights or obligations or anti-dilution rights with respect to the issuance, sale or redemption of any Subsidiary's equity interests, other than rights set forth herein. Other than the rights set forth in Schedule 3.4, there are no rights to have any Subsidiary's equity interests registered for sale to the public pursuant to the laws of any jurisdiction, and, to the Knowledge of the Company, there are no agreements relating to the voting of any Subsidiary's voting securities or restrictions on the transfer of any Subsidiary's equity interests.

3.5 **Financial Statements**

(a) The Company has delivered to the Buyer the following financial statements, copies of which are attached hereto as Schedule 3.5(a):

(i) Consolidated reviewed financial statements consisting of the balance sheets of the Company as of March 31, 2018, 2017 and 2016 and the related statements of income and other comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, which are reviewed (the "Historical Financials").

(ii) Internally prepared consolidated financial statements consisting of the balance sheets of the Company as of March 31, 2019 and December 31, 2018 and the related statements of income for the three and 12 months, respectively, then ended (the "Interim Financials" and together with the Historical Financials, the "Financial Statements").

(b) Except as set forth on Schedule 3.5(a), the Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved, subject, in the case of the Interim Financials, to normal and recurring year-end adjustments and the absence of notes. The Financial Statements fairly present, in all material respects in accordance with GAAP (except as provided above), the financial condition of the Company as of the respective dates they were prepared and the results of the operations of the Company for the periods indicated.

(c) All of the accounts receivable of the Company are valid and collectable claims and subject to no known set off or counterclaim. Since March 31, 2019 (the "Balance Sheet Date"), the Company has collected its accounts receivable in the ordinary course of its business and in a manner which is consistent with past practices and has not accelerated any such collections. Except as disclosed in Schedule 3.5(c) and except for accounts receivable between the Company and any of its Subsidiaries, the Company does not have any accounts receivable or loans receivable from any Person which is affiliated with it or any of its directors, officers, members, managers, employees or equity holders.

3.6 **Absence of Undisclosed Liabilities**

Except as stated or adequately reserved against in the financial statements included in Schedule 3.5(a), incurred as a result of or arising out of the transactions contemplated under the Transaction Documents, or which have been incurred in the ordinary course of business since the Balance Sheet Date or are not, individually or in the aggregate, material in amount, the Company does not have any material liability or obligation of any nature, whether accrued, absolute, contingent or otherwise, or known or unknown that is required by GAAP to be reflected on a consolidated balance sheet of the Company or disclosed in the notes thereto.

3.7 **Indebtedness**

Except for Indebtedness set forth on Schedule 3.7, the Company has no Indebtedness outstanding. The Company has not assumed, guaranteed, endorsed or otherwise become directly or contingently liable on or for any Indebtedness of any other Person. The Company is not in default with respect to any outstanding Indebtedness or any instrument relating thereto, nor is there any event which, with the passage of time or giving of notice, or both, would result in a default, and no such Indebtedness or any instrument or agreement relating thereto purports to limit the issuance of any securities by the Company or the operation of the Company's business. Complete and correct copies of all instruments (including all amendments, supplements, waivers and consents) relating to any outstanding Indebtedness of the Company have been furnished to the Buyer.

3.8 **Absence of Certain Developments**

Except as set forth on Schedule 3.8, since the Balance Sheet Date, the Company has conducted its business only in the ordinary course consistent with past practice in all material respects and except for general industry and economic conditions and transactions expressly contemplated by this Agreement, there has been:

(a) no material change in the condition (financial or otherwise) of the Company or in the assets, liabilities or Business, taken as a whole;

(b) no declaration, setting aside or payment of any non-cash dividend or other non-cash distribution with respect to, or any direct or indirect redemption or acquisition of, any of the equity interests of the Company;

(c) no waiver of any material right of the Company or cancellation of any material debt or claim held by the Company;

(d) no increase in the compensation paid or payable or employee benefits provided to any officer, employee or agent of the Company other than in the ordinary course of business;

(e) no material loss, destruction or damage to any property of the Company, whether or not insured;

(f) no entry into or agreement to enter into a collective bargaining agreement or similar labor contract, no labor dispute involving the Company and no material change in the personnel of the Company or the terms and conditions of their employment, other than in the ordinary course of business;

(g) no adoption, amendment or modification of any Employee Benefit Plan, except as required by law or the terms of such Employee Benefit Plan, and no action to accelerate the vesting of, or payment of, any compensation or benefit under any Employee Benefit Plan or to fund or in any other way secure the payment of compensation or benefits under any Employee Benefit Plan;

(h) no material acquisition or disposition or abandonment of any assets (or any contract or arrangement therefor) except in the ordinary course of business nor any other transaction by the Company otherwise than for fair value in the ordinary course of business, except for between entities than are within the Company;

(i) no change in accounting methods or practices of the Company, except as required by applicable law or as disclosed in the notes to the Historical Financials;

(j) no loss, or any material development that is reasonably expected by the Company to result in a loss, of any significant supplier, customer, distributor or account of the Company (other than the completion in the ordinary course of business of specific projects for customers);

(k) no termination of any material contract or agreement to which the Company is a party or by which it is bound;

(l) no Encumbrance placed on any of the properties of the Company other than Permitted Encumbrances or in the ordinary course of business for equipment leased, consistent with past practices;

(m) no payment or discharge of a material lien or material liability of the Company, other than in the ordinary course of business consistent with past practices, purchase money liens and liens for taxes not yet due and payable;

(n) no contingent liability incurred by the Company as guarantor or otherwise with respect to the obligations of others;

(o) no obligation or liability incurred by the Company to any of its officers, directors, equity holders, or employees, or any loans or advances made by the Company to any of its officers, directors, equity holders, or employees, except normal compensation and expense allowances payable to officers or employees in the ordinary course of business;

(p) no arrangements relating to any royalty or similar payment based on the revenues, profits or sales volume of the Company, whether as part of the terms of the Company's capital stock or by any separate agreement;

(q) no amendment to the Company's organizational documents other than as expressly contemplated by this Agreement;

(r) no settlement or compromise of any material claim, notice, audit report or assessment in respect of Taxes; no change in any annual Tax accounting period; no change of any method of Tax accounting; no entrance into any Tax allocation agreement, Tax sharing agreement, Tax indemnity agreement or closing agreement, in each case, the primary subject matter of which is Tax; no surrender of any right to claim a material Tax refund; nor consent to any extension or waiver of the statute of limitations period applicable to any Tax claim or assessment (excluding extensions pursuant to normal course extensions of time to file Tax Returns); and

(s) no commitment (contingent or otherwise) to do any of the foregoing.

3.9 **Litigation**

Except as set forth on Schedule 3.9, there is no litigation or Legal Proceeding pending or, to the Company's Knowledge, threatened, by or against the Company or affecting any of the Company's properties or assets, or against any director, officer, key employee or equity holder of the Company in his or her capacity as such, nor, to the Company's Knowledge, has there occurred any event nor does there exist any condition on the basis of which any litigation, proceeding or investigation might properly be instituted with any substantial chance of recovery. To the Company's Knowledge, no event has occurred and no claim, dispute or other condition or circumstance exists, that would reasonably be expected to, give rise to or serve as a basis for the commencement of any such Legal Proceeding. Neither the Company nor any director, officer, key employee or equity holder of the Company in his or her capacity as such is a party to or in default with respect to any order, writ, injunction, decree, ruling or decision of any court, commission, board or other Governmental Authority. Schedule 3.9 includes a description of all litigation, claims or proceedings involving the Company or any of its officers, directors, equity holders or key employees in connection with the Business occurring, arising or existing during the two years prior to the Closing Date.

3.10 **Tax Matters**

(a) The Company has duly and timely filed with the appropriate Tax Authorities all Tax Returns required to be filed. All such Tax Returns are complete and accurate in all material respects. All Taxes due and owing by the Company (whether or not shown on any Tax Returns) have been paid. The Company is not currently the beneficiary of any extension of time to file any Tax Return (excluding extensions of time to file Tax Returns that are requested by the Company in the ordinary course).

(b) The Company has timely withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, equity holder of the Company or other Person.

(c) No deficiencies for Taxes with respect to the Company have been claimed, proposed or assessed in writing by any Tax Authority, which remain outstanding. There are no pending audits or examinations being conducted by a Tax Authority relating to any Taxes of the Company. The Company (or any predecessor of the Company) has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency (excluding extensions as a result of normal course extensions of time to file Tax Returns), nor has any request been made in writing for any such extension or waiver, where the applicable statute of limitations remains outstanding.

(d) No claim has ever been made in writing by a Tax Authority in a jurisdiction where the Company does not file Tax Returns that the Company is or may be subject to taxation by that jurisdiction.

(e) There are no liens encumbering any of the assets of the Company for Taxes (other than statutory liens for current Taxes not yet due and payable or for Taxes that are being contested in good faith through appropriate proceedings and which is set forth on Schedule 3.10(e)).

(f) The Company is not, and has never been, a party to or bound by any Tax allocation agreement, Tax sharing agreement, Tax indemnity agreement or similar agreement in each case, excluding agreements entered into in the ordinary course of business the primary subject matter of which is not Taxes.

(g) The Company has never been a member of an affiliated group filing a consolidated federal income Tax Return. The Company does not have any liability for the Taxes of any Person under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), or as a transferee or successor.

(h) The Company has not participated in a "reportable transaction," as such term is defined in Treasury Regulation Section 1.6011-4(b)(1).

(i) The Company will not be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any Tax period (or portion thereof) ending on or after the Closing Date as a result of any installment sale or open transaction occurring prior to the Closing Date, any accounting method change made prior to the Closing Date, or any prepaid amount received prior to the Closing Date.

(j) The Company has not been a party in the last three (3) calendar years to any joint venture, partnership or other arrangement which is treated as a partnership for federal income Tax purposes.

(k) The Company has been a validly electing and qualifying S-corporation within the meaning of Section 1361 and Section 1362 of the Code at all times since the effective date of its election and shall continue to be a valid S-corporation up to the day prior to the Closing Date.

(l) All state and federal income Tax Returns of the Company and any Subsidiary have been provided to the Buyer prior to the date hereof for the taxable periods ended within the last three calendar years, and, to the Knowledge of the Company, all such state and federal income Tax Returns of the Company are correct and complete in all material respects.

(m) The representations and warranties set forth in this Section 3.10 and the Tax related representations and warranties in Section 3.16 are the sole and exclusive representations and warranties in this Agreement related to Tax matters.

3.11 **Title to Properties**

Schedule 3.11 lists all personal property with a value of at least $25,000.00 necessary to the conduct of in the Company's business and all personal property leased to the Company by Royal Marine Leasing Co., Inc. which is necessary to conduct the Company's business. All leases relating to leased real property, including the identification of the lessor thereunder, are identified on Schedule 3.11 (the "Leases") and true and complete copies thereof have been delivered to the Buyer. Except as set forth on Schedule 3.11, assuming good title in the lessor, the Company has a valid and enforceable leasehold interest in all of its leased real property, free and clear of all Encumbrances other than Permitted Encumbrances or as set forth in the applicable Lease. The Company has good title to or a valid and enforceable leasehold interest in all material personal property used in or necessary to the Business and the same is in good condition and repair in all material respects (ordinary wear and tear excepted). The Company is not in material violation of any zoning, building or safety ordinance, regulation or requirement or other law or regulation applicable to the operation of its leased properties, or any restrictive covenant or deed restriction applicable thereto, nor has the Company received written notice of any violation with which it has not complied in all material respects. The Company has not received any notice of condemnation or taking of any of its leased properties. With respect to each of the Leases: (i) such Lease has been duly authorized and executed by the Company and, assuming good title of the applicable landlord, is in full force and effect; (ii) the Company is not in material default under such Lease, nor, to the Company's Knowledge, has any event occurred which would reasonably be expected to give rise to such a default by the Company; (iii) to the Company's Knowledge, no lessor is in material default under such Lease and such lease is the only agreement in effect under which the lessor has leased the premises described therein; (iv) there is no outstanding material dispute between the lessor and the Company under any Lease; and (v) the rent and other sums due and payable to the lessor under such Lease are current in all material respects.

3.12 **Intellectual Property**

Schedule 3.12 lists all patents, patent applications, trademarks, trademark applications, trade names, service marks, service names, domain names, custom software, copyrights, and applications therefor owned by the Company or used by the Company in the Business (other than intellectual property used by the Company which comes as a result of a shrink-wrap software license) (collectively, the "Company Intellectual Property"). Other than as described on Schedule 3.12, the Company owns all of the Company Intellectual Property, the Company Intellectual Property is not subject to the payment of any continuing fees, royalties, or other compensation in consideration to any third party, and was developed, created, and designed by employees of the Company acting within the scope of their employment or by consultants or contractors who have assigned all of their right, title, and interest in and to such Company Intellectual Property to the Company. Upon the consummation of the transactions contemplated hereby, the Company will continue to own and have the right to use the Company Intellectual Property. No claims have been asserted in writing and no claims are pending or, to the Company's Knowledge, threatened by any Person, as to the use of any such Company Intellectual Property or challenging or questioning the validity or effectiveness of any state or federal registration of the Company Intellectual Property. Other than as described on Schedule 3.12, the Company' use of the Company Intellectual Property and continued use of the Company Intellectual Property following the Closing in the same manner as heretofore used by the Company, does not and will not, to the Company's Knowledge, infringe the rights of any Person. The Company's operation of its Business prior to closing, to the Company's Knowledge, has not infringed on the intellectual property of any other Person.

(b) Privacy Commitments.

(i) No material breach or violation of any security policy of the Company has occurred or, to the Company's Knowledge, is threatened. To the Company's Knowledge, there has been no unauthorized or illegal use of or access to any of the data or information in any Company Database. Since December 31, 2013, the Company has complied in all material respects with all applicable laws, rules, and regulations, privacy rights of third parties, contractual obligations and Privacy Policies pertaining to privacy and Personal Data, and the collection, use storage, registration and transfer thereof (collectively, "Privacy Commitments"). Since December 31, 2013, the Company has also complied in all material respects with all privacy policies of third parties with which the Company is obligated to comply. The execution, delivery and performance of this Agreement complies with all Privacy Commitments applicable to the Company.

(ii) The Company has at all times since December 31, 2013 made all material disclosures to third persons required by applicable Privacy Laws and none of such disclosures made or contained in any Privacy Policy or in any such materials has been inaccurate, misleading, or deceptive or in violation of any applicable laws, rules or regulations in any material respects. No action is pending and, to the Company's Knowledge, no Person has threatened to commence any action against the Company concerning any claim that the Company has violated any law, rule or regulation in connection with or relating to the Company Databases or Personal Data.

(c) For purposes of this Agreement,

(i) "Company Data" means all data collected, generated, or received by or on behalf of the Company in connection with the services rendered by the Company including Confidential Data, collected, held, or otherwise managed by or on behalf of the Company.

(ii) "Company Database" mean the distinct electronic or other databases containing (in whole or in part) Personal Data maintained by or for the Company.

(iii) "Confidential Data" means information, including Personal Data, in whatever form that the Company are obligated, by law or contract, to protect from unauthorized access, use, disclosure, modification or destruction together with any data owned or licensed by the Company that is not intentionally shared with the general public or that is classified by the Company with a designation that precludes sharing with the general public.

(iv) "Personal Data" means any data or information relating to an identified or identifiable natural person; an "identifiable person" is one who can be identified, directly or indirectly, in particular by reference to an identification number or to one or more factors specific to his physical, physiological, mental, economic, cultural or social identity, including unique device or browser identifiers, names, ages, addresses, telephone numbers, email addresses, social security numbers, passport numbers, alien registration numbers, medical history, employment history, and/or account information; and shall also mean "personal information," "personal health information," and "personal financial information" each as defined by applicable laws relating to the collection, use, sharing, storage, and/or disclosure of information about an identifiable individual.

(v) "Privacy Laws" means each applicable law, rule and regulation applicable to the protection or Processing or both of Personal Data including without limitation: (A) to the extent applicable, the European Union Data Protection Directive and all implementing regulations, the Children's Online Privacy Protection Act (COPPA), the Computer Fraud and Abuse Act (CFAA), Fair Credit Reporting Act (FCRA), Gramm-Leach- Bliley Act (GLBA), Dodd-Frank Wall Street Reform and Consumer Protection Act, and the Telephone Consumer Protection Act (TCPA).

(vi) "Privacy Policy" means a policy of the Company (or a third party that supplies Personal Data to the Company where the Company is obligated by law or contract to apply the terms of such policy of such third party data supplier) made available in connection with the collection of information provided by or on behalf of individuals that is labeled as a "Privacy Policy," is reached on a website by a link that includes the label "Privacy" or that is a written policy or disclosure that describes how information provided by or on behalf of individuals will be held, used, processed or disclosed.

(vii) "Process" or "Processing" means, with respect to Company Data, the use, collection, processing, storage, recording, organization, adaption, alteration, transfer, retrieval, consultation, disclosure, dissemination or combination of such Company Data.

3.13 **Certain Contracts and Arrangements**

Except as set forth in the Transaction Documents or in Schedule 3.13 (true and correct copies of which have previously been provided to the Buyer), the Company is not a party or subject to or bound by:

(a) any contract, lease or agreement involving a potential commitment or payment by the Company in excess of $25,000 annually which is not cancelable by Company without penalty on less than 30 days' notice;

(b) any contract containing covenants directly or explicitly limiting in any material respect the freedom of the Company to compete in any line of business or with any Person;

(c) any indenture, mortgage, promissory note, loan agreement, guaranty or other agreement or commitment for borrowing or any pledge or security arrangement;

(d) any employment, consulting or other service agreements with present or former officers, members, managers, directors, employees, consultants, equity holders of the Company or any other service provider of the Company that includes any change of control payments severance, termination, or retention obligations or similar accounts payable by the Company or its Affiliates in connection with the transactions contemplated by this Agreement;

(e) any redemption or purchase agreements or other agreements affecting or relating to the equity interests of the Company, including, without limitation, any agreement with any equity holder of the Company which includes anti-dilution rights, registration rights, voting arrangements, operating covenants or similar provisions;

(f) any collective bargaining agreement;

(g) any royalty, dividend or similar arrangement based on the revenues or profits of the Company or any contract or agreement involving fixed price or fixed volume arrangements;

(h) any joint venture, franchise, partnership, manufacturer, development or agreement;

(i) any supply agreement pursuant to which the Company is required to supply materials in excess of $25,000 annually which is not cancelable by Company without penalty on less than 30 days' notice;

(j) any acquisition, merger or similar agreement;

(k) any contract with any Governmental Authority;

(l) any contract providing for indemnification of any Person by the Company (excluding customer and vendor contracts including indemnification provisions entered into in the ordinary course of business);

(m) any material contract that can be terminated, or the provisions of which are altered, as a result of the consummation of the transactions contemplated by this Agreement or any of the other Transaction Documents to which the Company is a party;

(n) any contract entered into in connection with any settlement or other resolution of any action pursuant to which the Company has any ongoing payment obligation; or

(o) any other material contract not executed in the ordinary course of business.

All contracts, agreements, leases and instruments set forth on Schedule 3.13 are valid and are in full force and effect and constitute legal, valid and binding obligations of the Company and, to the Knowledge of the Company the other parties, and are enforceable in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws, from time to time in effect, which affect enforcement of creditors' rights generally. Except as set forth on Schedule 3.13, there has not been any written notice or, to the Company's Knowledge, oral notice or threat to terminate any material contracts, agreements, leases or instruments. Neither the Company nor, to the Company's Knowledge, any other party to such contract is in material default in complying with any provisions of any such contract, agreement, lease or instrument, and, to the Company's Knowledge, no condition or event or fact exists which, with notice, lapse of time or both, would constitute a material default thereunder.

3.14 **Governmental Approvals; Compliance with Laws**

(a) The Company is in compliance in all material respects with all applicable laws and regulations. The Company has all of the material permits, licenses, orders, franchises and other rights and privileges of all federal, state, local or foreign Governmental Authority or regulatory bodies necessary for the Company to conduct its business as presently conducted ("Permits"). All such Permits are in full force and effect in all material respects, and no suspension or cancellation of any of them is threatened, and none of such Permits will be affected by the consummation of the transactions contemplated by the Transaction Documents. Except as set forth on Schedule 3.14(a), the operation of the Business as currently conducted is not, and has not, in default or violation of, nor is the Company in default or violation under, any Permit, and, to the Knowledge of the Company, no event has occurred which, with notice or the lapse of time or both, would constitute a default or violation of any terms, condition or provision of any Permit. Except as set forth on Schedule 3.14(a), the Company has not entered into or been subject to any judgment, consent decree, compliance order or administrative order with respect to any Permit or any material aspect of the business, affairs, properties or assets of the Company or received any request for information, notice, demand letter, administrative inquiry or formal or informal complaint or claim from any regulatory agency with respect to any Permit or any material aspect of the business, affairs, properties or assets of the Company.

(b) Neither the Company, nor any director, officer, agent, employee or other Person acting on behalf of the Company (in their capacity as director, officer, agent, or employee), has at any time during the last six years: (i) used any corporate funds of the Company for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity in respect of the business, or failed to disclose fully any such contribution in violation of applicable laws; (ii) directly or indirectly, paid or delivered any fee, commission or other sum of money or item of property, however characterized, to any finder, agent or other party acting on behalf of or under the auspices of a governmental official or Governmental Authority, in the United States or any other country, which is in any manner illegal under any law of the United States or any other country having jurisdiction; (iii) made any unlawful payment or given any other unlawful consideration to any customer, agent, distributor or supplier of the Company or any director, officer, agent, or employee of such customer or supplier; (iv) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or other similar applicable laws; or (v) engaged in any business with any Person with whom, or in any country in which, it is prohibited for a United States Person to engage under law or under applicable United States sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury.

3.15 **Insurance Coverage**

Schedule 3.15 hereto contains an accurate summary of the (i) all insurance policies currently in effect that insure the physical properties, business, operations and assets of the Company, (ii) a detailed description of all material claims of the Company that are currently pending or that have been made with an insurance carrier since January 1, 2016, and (iii) a detailed description of any self-insurance, co-insurance or retention arrangement by or affecting the Company, including any reserves established thereunder. Each policy set forth in Schedule 3.15 is valid and binding and in full force and effect and will continue in full force and effect following the consummation of the transactions contemplated by this Agreement and the other Transaction Documents (subject to bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereinafter in effect relating to creditors' rights generally and to the application of equitable principles (regardless of whether enforcement is sought in a proceeding at law or in equity)) and there is no claim pending under any such policies as to which coverage has been denied or disputed. No written notice of cancellation or termination has been received by the Company within the preceding five years with respect to any policy which has not been replaced on substantially similar terms prior to the date of such cancellation or termination.

3.16 **Employee Matters; ERISA**

(a) Schedule 3.16(a) contains a complete and accurate list of each plan, program, policy, contract, agreement or arrangement relating to retirement, employment, consulting, compensation, bonus, incentive, equity or equity-based compensation, change in control, severance, termination, retention, deferred compensation, profit-sharing, vacation or sick pay, medical, retiree medical, paid time off, fringe-benefits, and any other "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (whether or not subject to ERISA), and any other agreement, plan, policy or program pertaining to compensation or benefits, whether or not reduced to writing, that is in effect and covering or otherwise providing compensation or benefits to or for the benefit of one or more employees, former employees, or current or former directors or other service providers of the Company, or the beneficiaries or dependents of any such Persons (hereinafter collectively referred to as the "Employee Benefit Plans" and individually as an "Employee Benefit Plan").

(b) The Company has heretofore delivered or made available to the Buyer true and correct copies of each Employee Benefit Plan that has been reduced to writing, and with respect to each such Employee Benefit Plan true, and correct copies of, where applicable, (i) the most recently filed or circulated annual report and summary plan descriptions, if any (and any summary of material modifications thereof), (ii) the most recently received IRS determination letters, if any (iii) for the three most recently filed years, the Form 5500 and attached schedules, (iv) each trust, insurance, annuity or other funding contract related thereto and (v) the most recent financial statements and actuarial or other valuation reports prepared with respect thereto.

(c) Each Employee Benefit Plan is funded, maintained and administered in material compliance with the terms of such Employee Benefit Plan and all applicable Laws (including ERISA, the Code and the regulations promulgated thereunder).

(d) With respect to each Employee Benefit Plan:

(i) There are no actions pending (other than routine claims for benefits) or, to the Company's Knowledge, threatened against such Employee Benefit Plan, the Company, or against any fiduciary of such Employee Benefit Plan;

(ii) Full payment has been timely made, or otherwise properly accrued on the books and records of the Company, of all amounts that the Company is required, under the terms of the Employee Benefit Plans or applicable Law, to have paid as contributions to such Employee Benefit Plans on or prior to the date hereof (excluding any amounts not yet due);

(iii) Each Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code (A) has received a favorable determination or opinion letter as to its qualification, (B) has been established under a standardized master and prototype or volume submitter plan for which a current favorable Internal Revenue Service advisory letter or opinion letter has been obtained by the plan sponsor and is valid as to the adopting employer, or (C) has time remaining under applicable Laws and related guidance to apply for a determination or opinion letter or to make any amendments necessary to obtain a favorable determination or opinion letter within the remedial amendment period, and, in each case, nothing has occurred that would reasonably be expected to affect such qualification;

(iv) Neither the Company, nor to the Company's Knowledge, any other Person, has taken any action, or failed to take any action, which action or failure could subject the Company, or any of its employees, to any material liability for breach of any fiduciary duty, or for any prohibited transaction (as defined in Section 4975 of the Code), with respect to or in connection with such Employee Benefit Plan;

(v) No Employee Benefit Plan is a "multiemployer plan" as defined in Section 3(37) of ERISA or Section 414(f) of the Code, a "multiple employer plan" within the meaning of Section 413(c) of the Code or a "multiple employer welfare arrangement" within the meaning of Section 3(40) of ERISA. No Employee Benefit Plan is subject to Title IV of ERISA or the minimum funding requirements of Section 302 of ERISA or Section 412 of the Code and the Company has not sponsored, maintained, contributed to, been required to maintain or contribute to or has had any actual or contingent liability with respect to any multiemployer plan or other benefit plan subject to Section 302 or Title IV of ERISA or Section 412 or 430 of the Code or any plan that is otherwise a defined benefit pension plan; and

(vi) The Company is not required to provide any benefits for any Person upon or following retirement or termination of employment except pursuant to Part 6 of Subtitle B of Title I of ERISA or Section 4980B of the Code.

(e) Each Employee Benefit Plan that constitutes in any part a nonqualified deferred compensation plan within the meaning of Section 409A of the Code has been operated and maintained in all respects in operational and documentary compliance with Section 409A of the Code and all IRS guidance promulgated thereunder, to the extent such section and such guidance have been applicable to such Employee Benefit Plan. There is no agreement, plan or other arrangement to which the Company or any of the Subsidiaries is a party or by which any of them is otherwise bound to compensate any Person in respect of Taxes pursuant to Section 409A or 4999 of the Code.

(f) Except as set forth on Schedule 3.16, there are no: (i) bonus, golden parachute, retirement, retention, change of control, termination, severance, unemployment compensation, or other compensation or benefit or enhanced benefit arrangements with respect to any current or former director, employee or consultant or other service provider of the Company, (ii) material increases in compensation or benefits otherwise payable under any Employee Benefit Plan, (iii) entitlements of any employee of the Company to any job security or similar benefit or enhanced benefits, (iv) acceleration of the time of payment or vesting of any compensation or benefits otherwise payable under any Employee Benefit Plan, or termination of such Employee Benefit Plan other than at the sole and unfettered discretion of the Company, (v) funding of any compensation or benefits, (vi) breach or violation of or default under or any limit on the Company's right to amend, modify or terminate any Employee Benefit Plan or (vii) payment of any "excess parachute payment" (as defined in Section 280G(b)(1) of the Code), in each case, resulting from the execution and delivery of this Agreement, the performance of the Company's obligations under this Agreement or the consummation of any of the transactions contemplated in this Agreement or the other Transaction Documents (alone or in conjunction with any other event, including any termination of employment on or following the Closing).

3.17 **Labor and Employment Matters**

(a) (i) The Company has not ever been a party to or bound by any collective bargaining agreement or other labor contract and no such contract is being negotiated; (ii) no labor organization or group of employees has filed any representation petition or made any written demand to the Company for recognition; (iii) to the Company's Knowledge no organizing or decertification efforts are underway or threatened by any labor organization or group of employees with respect to the Company's employees; (iv) no labor strike, work stoppage, slowdown or other material labor dispute has occurred or been threatened in the past three years, and none is underway or threatened; and (v) there is no employment-related charge (including, but not limited to, an unfair labor practice charge), complaint, grievance, investigation, inquiry or obligation of any kind, currently pending or, to the Company's Knowledge, threatened, in any forum, relating to an alleged violation or breach by the Company (or any of their respective officers or directors) of any law or contract.

(b) Except as set forth on Schedule 3.17(b), there are no actions, or other Legal Proceedings against the Company pending, or, to the Company's Knowledge, threatened in writing to be brought or filed, by or with any Governmental Authority or arbitrator in connection with the employment of any current or former employee or other service provider of the Company, including, without limitation, any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay, wages and hours, misclassification or any other employment related matter arising under applicable laws.

(c) The Company is in compliance in all material respects with all laws relating to the employment of labor, including all such laws relating to wages, hours, WARN and any similar state or local "mass layoff" or "plant closing" laws, collective bargaining, discrimination, retaliation, civil rights, veterans' rights, safety and health, immigration laws, proper classification of employees as exempt and non-exempt and of individuals as employees and independent contractors, employment laws, workers' compensation and the collection and payment of withholding and/or social security Taxes and any similar Tax. There has been no "mass layoff" or "plant closing" (as defined by WARN or applicable state laws) with respect to the Company within the six (6) months prior to Closing.

(d) Except as set forth on Schedule 3.17(d), to the Company's Knowledge, none of the officers or other key employees of the Company presently intends to terminate his or her employment.

(e) The Company is in compliance in all material respects with all applicable Laws relating to the employment of labor, including provisions thereof relating to wages, hours, equal opportunity, collective bargaining, layoffs, immigration compliance and the payment and withholding of social security and other Taxes. The Company has properly classified all individuals providing services to it as employees or non-employees for all relevant purposes.

(f) The Company has: (i) complied, in all material respects with all immigration laws, statutes, rules, codes, orders and regulations, including, without limitation, the Immigration Reform and Control Act of 1986, as amended and the Immigration and Nationality Act, as amended, and all regulations promulgated thereunder (collectively, the "Immigration Laws") and (ii) maintained all records required by the Department of Homeland Security (the "DHS"), including, without limitation, the completion and maintenance of the Form I-9 for each of employees of each of the Company. The Company has in its possession all Forms I-9 maintained for all current employees and all documentation, retained with such Forms I-9, in each case as required by applicable Law.

3.18 **No Brokers or Finders**

No Person has or will have, as a result of the transactions contemplated by this Agreement, any right, interest or claim against or upon the Company for any commission, fee or other compensation as a finder or broker because of any act or omission by the Company or its equity holders or Affiliates.

3.19 **Transactions with Affiliates**

Except as set forth on Schedule 3.19, and except for the Transaction Documents, no present officer, director or stockholder of the Company, nor any Affiliate of the Company, is currently a party to any transaction or contract with the Company, other than (i) payment of compensation for employment or reimbursement of expenses to employees consistent with past practice or as is required by law, and other matters incidental to employment with the Company, and (ii) contracts which will be terminated at or prior to the Closing without penalty.

3.20 **Environmental Matters**

(a) The Company is currently and has been in material compliance with all Environmental Laws and has not, and none of the Company, the Seller, or the Shareholder has received from any Person any: (i) Environmental Notice or Environmental Claim; or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(b) The Company has obtained and is in material compliance with all Environmental Permits (each of which is disclosed in Schedule 3.20(b)) necessary for the ownership, lease, operation or use of the business or assets of the Company and all such Environmental Permits are in full force and effect, and there is no condition, event or circumstance that would reasonably be anticipated to prevent or impede the ownership, lease, operation or use of the business or assets of the Company as currently carried out.

(c) No real property currently or formerly owned, operated or leased by the Company is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list.

(d) Except as set forth on Schedule 3.20(d), there has been no Release of Hazardous Materials in contravention of Environmental Law with respect to the business or assets of the Company or any real property currently or formerly owned, operated or leased by the Company, and none of the Company, the Seller or the Shareholder has received an Environmental Notice that any real property currently or formerly owned, operated or leased in connection with the business of the Company (including soils, groundwater, surface water, buildings and other structure located on any such real property) has been contaminated with any Hazardous Material which could reasonably be expected to result in a material Environmental Claim against, or a material violation of Environmental Law or term of any Environmental Permit by, the Seller, the Shareholder or the Company.

(e) Schedule 3.20(e) contains a complete and accurate list of all off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by the Company, the Seller, or the Shareholder and any predecessors as to which the Company, the Seller, or the Shareholder may retain liability, and none of these facilities or locations has been placed or proposed for placement on the National Priorities List (or CERCLIS) under CERCLA, or any similar state list, and none of the Company, the Seller, or the Shareholder has received any Environmental Notice regarding potential liabilities with respect to such off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by the Company or the Seller.

(f) None of the Company, the Seller, or the Shareholder has retained or assumed, by contract or operation of law, any liabilities or obligations of third parties under Environmental Law.

(g) The Seller and/or the Shareholder has provided or otherwise made available to the Buyer: (i) any and all material environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, economic models and other similar documents with respect to the business or assets of the Company or any currently or formerly owned, operated or leased real property which are in the possession or control of the Company, the Seller, or the Shareholder related to compliance with Environmental Laws, Environmental Claims or an Environmental Notice or the Release of Hazardous Materials; and (ii) any and all material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution and/or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, without limitation, costs of remediation, pollution control equipment and operational changes).

(h) There is no condition, event or circumstance concerning the release or regulation of Hazardous Materials that would reasonably be anticipated, after the Closing Date, to prevent, impede or materially increase the costs associated with the ownership, lease, operation, performance or use of the business or assets of the Company as currently carried out.

3.21 **Company Records**

The minute books of the Company accurately reflect in all material respects all corporate or other action taken by its equity holders and board of directors and committees. The copies of the minutes of the Company, as made available to the Buyer for review, are true and complete copies of the originals of such documents.

3.22 **Suppliers**

Schedule 3.22 sets forth a list of top 10 suppliers from whom the Company makes annual purchases exceeding $25,000 and the dollar amount of purchases from such suppliers for the calendar year ended December 31, 2018 or reasonably expected to exceed $25,000 for the fiscal year ended December 31, 2019 (the "Suppliers"). The Company's relationships with the Suppliers are, to the Knowledge of the Company, good commercial working relationships, and, within the last 12 months, no Supplier has canceled, materially modified, or otherwise terminated its relationship with the Company, or materially decreased its services, supplies or materials to the Company.

3.23 **Assets; Solvency**

(a) Except as set forth on Schedule 3.23(a), the assets owned by the Company, or to which the Company has access, include all rights and property necessary to enable the Company to conduct the business of the Company, as conducted on the date hereof, in all material respects after the Closing in substantially the same manner as it was conducted prior to the Closing. The Company owns (with good title) all of the properties and assets (whether real, personal or mixed and whether tangible or intangible) that it purports to own, including all the properties and assets reflected as being owned by the Company in its financial books and records. Except with respect to liens associated with the Indebtedness set forth on Schedule 3.7, the Company has legal and beneficial ownership of such assets free and clear of all liens other than Permitted Encumbrances.

(b) Except as set forth on Schedule 3.23(b), the inventory of the Company, wherever located, including the supplies inventory (collectively, the "Inventory"), is in all material respects in good, useable and/or salable condition and consists of items of a quality and quantity previously used and/or sold by the Company in the ordinary course of business determined and expensed consistent with the Company's past practice and contains no significant amount of excess, dated or obsolete inventory except for Inventory that has been appropriately written off, written down to net realizable value or otherwise adequately reserved for in the Interim Financial Statements. The Company has no material liability arising out of any injury to individuals or property as a result of the ownership, possession, distribution, sale, use or consumption of any product formulated, designed, manufactured, delivered or sold, or services rendered by or on behalf of the Company, and, to the Knowledge of the Company, there are no facts and/or circumstances that could give rise to any such liability. The Company has no liability to replace or recall any Inventory or other damages in connection therewith, and, to the Knowledge of the Company, there are no facts and/or circumstances that could give rise to any such liability.

(c) The Company has not: (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by its creditors; (iii) suffered the appointment of a receiver to take possession of all, or substantially all, of its assets; (iv) suffered the attachment or other judicial seizure of all, or substantially all, of its assets; (v) admitted its inability to pay its debts as they come due; or (vi) made an offer of settlement, extension or composition to its creditors generally.

3.24 **Real Estate**

(a) The Company and/or its Subsidiaries owns and holds good and valid fee simple title to the property listed on Schedule 3.24(a) hereto (the "Owned Real Property"), together with all buildings, improvements and fixtures thereon and all appurtenances and rights thereto, free and clear of any Encumbrances other than the Permitted Encumbrances. The Owned Real Property represents all of the real property owned by the Company.

(b) None of the Company, the Seller, the Shareholder, or any Subsidiary has received any written notice or formal communication that the whole or any part of the Owned Real Property any proceedings for condemnation, eminent domain or other taking by any Governmental Authority and to the Knowledge of the Company, no such condemnation or other takings is threatened. None of the Company, the Seller, or the Shareholder has received any formal notice from any Governmental Authority concerning any actual or contemplated public improvements made or to be made by any Governmental Authority, the costs of which are or could become special assessments against or an Encumbrance upon the Owned Real Property and, to the Knowledge of the Company, no such public improvement is threatened.

(c) Other than Permitted Encumbrances, there are no contract rights, leases, subleases, licenses or other contracts, written or oral, granting to any party the right of purchase, use or occupancy related to any portion of the Owned Real Property.

(d) The Owned Real Property and the operation or maintenance thereof as operated and maintained by the Company prior to the Closing Date do not: (i) violate any existing zoning law or other existing administrative regulation (including, but not limited to, those relating to land use, building, fire, health and safety); or (ii) violate any existing restrictive covenant or any existing legal requirement.

(e) The Owned Real Property is supplied with utilities adequate for the use and operation of the Business as conducted by the Company as of the date hereof; and such utilities, to the Knowledge of the Company, extend to the Owned Real Property through legal rights of way or validly created easements.

(f) There are no adverse or other parties in possession of the Owned Real Property, or any part thereof, except the Company or a Subsidiary of the Company. No party has been granted any license, lease or other right relating to the use or possession of the Owned Real Property or any part thereof.

(g) There is no option to purchase, right of first offer, right of first refusal or other provision granting any party any right to acquire the Owned Real Property or any portion thereof.

(h) To the Knowledge of the Company, the Owned Real Property is not subject to any real property Tax increases or recapture of Taxes occasioned by retroactive revaluation, special assessments, changes in the land usage, or loss of any exemption or benefit status.

(i) None of the Company, the Seller, the Shareholder, or any Subsidiary has entered into any contract or agreement affecting or impacting the Owned Real Property, which will bind the Buyer or the Owned Real Property on or after the Closing Date.

(j) The buildings and other improvements on the Owned Real Property are usable in the ordinary course of business consistent with past practice, and conform to all applicable laws and regulations relating to their use and operation, excluding such minor failures to conform which, in the aggregate, have not had, and would not have, a Material Adverse Effect.

(k) The Company has delivered to the Buyer a correct and complete copy of the most recent Abstractor's Certificate related to the Owned Real Property.

(l) The Company and or its Subsidiary, as applicable, has received all required Permits required in connection with its use of the Owned Real Property and all buildings, improvements and personal property thereon, except where a failure to obtain such Authorizations would not individually or in the aggregate have a Material Adverse Effect.

ARTICLE IV - REPRESENTATIONS AND WARRANTIES OF THE SELLER AND THE SHAREHOLDER

In order to induce the Buyer to enter into this Agreement and consummate the transactions contemplated hereby, each of the Seller and the Shareholder, as applicable, hereby represent and warrant to the Buyer that, except as and to the extent disclosed in the Disclosure Schedule, the statements contained in this Article IV are complete and accurate as of the Closing.

4.1 Authority and Non-Contravention

Except as set forth on Schedule 4.1:

(a) The Seller has full right, authority and power to enter into this Agreement, the Transaction Documents to which it is a party and all agreements, documents and instruments executed by the Seller pursuant hereto and to carry out the transactions contemplated hereby and thereby. This Agreement, the Transaction Documents to which the Seller is a party and all agreements, documents and instruments executed by the Seller pursuant hereto are valid and binding obligations of the Seller enforceable in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws, from time to time in effect, which affect enforcement of creditors' rights generally.

(b) The Shareholder has full right, authority and power to enter into this Agreement, the Transaction Documents to which he is a party and all agreements, documents and instruments executed by the Shareholder pursuant hereto and to carry out the transactions contemplated hereby and thereby. This Agreement, the Transaction Documents to which the Shareholder is a party and all agreements, documents and instruments executed by the Shareholder pursuant hereto are valid and binding obligations of the Shareholder enforceable in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws, from time to time in effect, which affect enforcement of creditors' rights generally.

(c) The execution, delivery and performance by the Seller of this Agreement, the Transaction Documents to which it is a party and all agreements, documents and instruments to be executed and delivered by the Seller pursuant hereto do not and will not: (a) violate or result in a violation of, or constitute or result in a default (whether after the giving of notice, lapse of time or both) under, accelerate any obligation under, or give rise to a right of termination of, any material contract, agreement, obligation, permit, license or authorization to which the Seller is a Party or by which the Seller or its assets is bound; (b) violate or result in a violation of, or constitute a default (whether after the giving of notice, lapse of time or both) under, any provision of any material law, regulation or rule, or any order of, or any restriction imposed by, any court or governmental agency applicable to the Seller; or (c) require from the Seller any notice to, declaration or filing with, or consent or approval of, any Governmental Authority or other third party (that has not already been obtained).

(d) Except as set forth in Schedule 4.1, the execution, delivery and performance by the Shareholder of this Agreement, the Transaction Documents to which he is a Party and all agreements, documents and instruments to be executed and delivered by the Shareholder pursuant hereto do not and will not: (a) violate or result in a violation of, or constitute or result in a default (whether after the giving of notice, lapse of time or both) under, accelerate any obligation under, or give rise to a right of termination of, any material contract, agreement, obligation, permit, license or authorization to which the Shareholder is a Party or by which the Shareholder or his assets are bound; (b) violate or result in a violation of, or constitute a default (whether after the giving of notice, lapse of time or both) under, any provision of any law, regulation or rule, or any order of, or any restriction imposed by, any court or governmental agency applicable to the Shareholder or (c) require from the Shareholder any notice to, declaration or filing with, or consent or approval of, any Governmental Authority or other third party (that has not already been obtained).

4.2 **Shares**

Except as set forth on Schedule 4.2, as of the date hereof, the Seller is the sole record and beneficial owner of the Shares.

4.3 **Legal Proceedings**

As of the date hereof, there are no Legal Proceedings pending, threatened by or, to the knowledge of the Seller, threatened against the Seller or any Affiliate of the Seller that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement.

4.4 **Investment Banking; Brokerage Fees**

Neither the Seller nor the Shareholder has incurred or become liable for any investment banking fees, brokerage commissions, broker's or finder's fees or similar compensation (exclusive of professional fees to lawyers and accountants) in connection with the transactions contemplated by this Agreement.

ARTICLE V - REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer hereby represents, warrants and covenants on behalf of itself only that, the statements contained in this Article V are complete and accurate as of the Closing:

5.1 **Organization and Power**

The Buyer is validly existing and in good standing under the laws of the State of Delaware, and has the requisite corporate power and authority to own, lease and operate its properties and assets, to carry on its business as now being conducted and to enter into and perform this Agreement and the Transaction Documents to which it is a Party and to carry out the transactions contemplated hereby and thereby.

5.2 **Authority and Non-Contravention**

The Buyer has full right, authority and power under its charter and by-laws, as applicable, to enter into this Agreement, the Transaction Documents and all agreements, documents and instruments executed by the Buyer pursuant hereto and to carry out the transactions contemplated hereby and thereby. This Agreement, the Transaction Documents and all agreements, documents and instruments executed by the Buyer pursuant hereto are valid and binding obligations of the Buyer enforceable in accordance with their respective terms. The execution, delivery and performance of this Agreement, the Transaction Documents and all agreements, documents and instruments executed by the Buyer pursuant hereto have been duly authorized by all necessary action under the Buyer's charter or by-laws. The execution, delivery and performance by the Buyer of this Agreement, the Transaction Documents and all agreements, documents and instruments to be executed and delivered by the Buyer pursuant hereto do not and will not: (a) violate or result in a violation of, or constitute or result in a default (whether after the giving of notice, lapse of time or both) under, accelerate any obligation under, or give rise to a right of termination of, any material contract, agreement, obligation, permit, license or authorization to which the Buyer is a Party or by which the Buyer or its assets are bound, or any provision of the Buyer's organizational documents; (b) violate or result in a violation of, or constitute a default (whether after the giving of notice, lapse of time or both) under, any provision of any law, regulation or rule, or any order of, or any restriction imposed by, any court or governmental agency applicable to the Buyer; or (c) require from the Buyer any notice to, declaration or filing with, or consent or approval of, any Governmental Authority or other third party (that has not already been obtained).

5.3 **Consents and Approvals**

No consent, approval, waiver, exception, authorization, notice or filing is required to be obtained by the Buyer from, or to be given by the Buyer to, or be made by the Buyer with, any Governmental Authority in connection with the execution, delivery and performance by the Buyer of this Agreement and the Transaction Documents to it is a party other than those the failure of which to obtain, give or make would not, individually or in the aggregate, materially delay or impair the Buyer's ability to effect the Closing or to perform its obligations under this Agreement and the Transaction Documents.

No consent, approval, waiver, authorization, notice, exemption or filing is required to be obtained by the Buyer from, or to be given by the Buyer to, or made by the Buyer with, any Person which is not a Governmental Authority in connection with the execution, delivery and performance by the Buyer and their Affiliates of this Agreement and the Transaction Documents to which it is a party, except for those the failure to obtain, give or make would not, individually or in the aggregate, materially delay or impair the Buyer's ability to effect the Closing or to perform its obligations under this Agreement and the Transaction Documents.

5.4 **Litigation**

There is no action pending or, to the knowledge of the Buyer, threatened against the Buyer that could reasonably be expected to adversely affect the Buyer's performance under this Agreement or prevent or delay the Closing. The Buyer is not subject to any outstanding order that could adversely affect the Buyer's performance under this Agreement.

5.5 **Investment Banking; Brokerage Fees**

The Buyer has not incurred or become liable for any investment banking fees, brokerage commissions, broker's or finder's fees or similar compensation (exclusive of professional fees to lawyers and accountants) in connection with the transactions contemplated by this Agreement.

5.6 **Financing**

The Buyer has cash on hand and/or undrawn amounts available under credit facilities sufficient to satisfy all of their obligations hereunder.

5.7 **Solvency**

After giving effect to the Transaction, and assuming the truthfulness and accuracy of the Seller's, the Shareholder's and the Company's representations and warranties in this Agreement and the full compliance by the Seller with all of their covenants in this Agreement, the Buyer will not (a) be insolvent or left with unreasonably small capital, (b) have incurred debts beyond their ability to pay such debts as they mature, or (c) have liabilities in excess of the reasonable market value of their assets.

5.8 **Investment Representation**

The Buyer is acquiring the Shares for their own account with the present intention of holding such securities for investment purposes and not with a view to, or for sale in connection with, any distribution of such securities in violation of any federal or state securities Laws. The Buyer is an "accredited investor" as defined in Regulation D promulgated by the SEC under the Securities Act. The Buyer acknowledges that it is informed as to the risks of the transactions contemplated hereby and of ownership of the Shares. The Buyer acknowledges that the Shares have not been registered under the Securities Act or any state or foreign securities Laws and that the Shares may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of unless such transfer, sale, assignment, pledge, hypothecation or other disposition is pursuant to the terms of an effective registration statement under the Securities Act and the Shares are registered under any applicable state or foreign securities Laws or sold pursuant to an exemption from registration under the Securities Act and any applicable state or foreign securities Laws.

5.9 **Investigation, No Other Representation.**

The Buyer (on behalf of itself and its Affiliates) acknowledges and agrees that, except for such representations and warranties set forth in Articles III and IV and in the Transaction Documents, none of the Seller, the Shareholder, the Company or any of their respective Affiliates, nor any of their respective directors, officers, employees, stockholders, partners, members or representatives, has made, or is making, any representation or warranty whatsoever to the Buyer or any of its Affiliates. Without limiting the generality of the foregoing, the Buyer acknowledges that none of the Seller, except as provided in the Financial Statements, the Shareholder or the Company make any representation or warranty with respect to any projections, estimates or budgets delivered to or made available to the Buyer of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of the Company or the future business and operations of the Company.

ARTICLE VI - ADDITIONAL AGREEMENTS

6.1 **Announcement; Confidentiality**

(a) None of the Company, the Seller, the Shareholder or the Buyer will issue any press release or otherwise make any public statement with respect to this Agreement and the transactions contemplated hereby without the prior consent of the Seller and the Buyer (which consent will not be unreasonably withheld), except as may be required by applicable law, including, without limitation, any securities filings which are to be made by a Party. Notwithstanding anything in this Section 6.1 to the contrary, the Seller, the Shareholder, and the Buyer will, to the extent practicable, consult with each other before issuing, and provide each other a reasonable prior opportunity to review and comment upon, any such press release or other public statements with respect to this Agreement and the transactions contemplated hereby, whether or not required by applicable law.

(b) Until the fifth anniversary of the Closing Date, the Seller and the Shareholder each respectively agrees that, without the prior written consent of the Buyer, (i) it shall, and shall cause each of its Affiliates to, keep confidential all confidential, non-public or proprietary information and materials regarding the Buyer, the Company and their respective Affiliates (except to the extent (a) disclosure of such information is required by applicable law, (b) such information becomes available to such Person after the Closing Date from a source (which is not known by such Person to have made the disclosure in violation of any confidentiality obligations), or (c) such information becomes publicly known except through the actions or inactions of any such Person in violation of this Section 6.1(b)), (ii) it shall take reasonable and appropriate steps (and cause each of its Affiliates to take reasonable and appropriate steps) to safeguard such information and to protect it against disclosure, misuse, espionage, loss and theft, in each case at the Buyer's or the Company' expense, and (iii) in the event such Person or any of its Affiliates is required by (or requested by a Governmental Authority with competent jurisdiction under) applicable law to disclose any such information, such Person shall, to the extent permitted by applicable law, promptly notify the Buyer in writing, which notification shall include the nature of the legal requirement or request and the extent of the required disclosure, and shall reasonably cooperate with the Buyer, at the Buyer's sole cost and expense, to preserve the confidentiality of such information consistent with applicable law.

6.2 **Non-Competition and Non-Solicitation**

Each of the Shareholder and the Seller hereby understand, acknowledge and agree that: the Company is engaged in the operation of developing and supplying advanced battery solutions, including battery packs, battery chargers, and electro-magnetic assemblies (the "Business"); (ii) the Company is conducting the Business throughout North America (the "Territory"); (iii) the Seller, at the election of the Shareholder as a result of the transactions described in Section 6.2(iv) below, will receive significant consideration in connection with the closing of the transactions contemplated by this Agreement; (iv) prior to March 28, 2019, the Shareholder was the sole owner of the Company, and, at the Shareholder's election, transferred all of his interests in the Company to Seller; (v) as a current and/or recent owner of the Company, each of the Seller and the Shareholder has obtained and will continue to obtain extensive and valuable knowledge, technical expertise, and confidential and proprietary information and data concerning the Business; and (vi) the Seller's and the Shareholder's respective entry into the agreements set forth in this Section 6.2 is essential to preserve the value of the Company, the Business, and the assets and properties being acquired by the Buyer in connection with the transactions contemplated by this Agreement.

(a) During the period beginning on the date hereof and ending on the five year anniversary Closing Date (the "Term") neither the Seller nor the Shareholder shall, anywhere in the Territory, for itself or himself, respectively, or through or on behalf of any other Person (other than the Company), whether as an officer, director, employee, seller, partner, consultant, advisor, creditor or otherwise, as applicable:

(i) (A) engage in, participate in or acquire any financial or beneficial interest in (which, for the avoidance of doubt, will include employment with or engagement as an independent contractor for), any Competitive Business; *provided*, *however*, that nothing in this Section 6.2(a)(i)(A) shall prevent the Seller or the Shareholder from owning as a passive investment less than two percent of the issued and outstanding shares of the capital stock (or other equity ownership interests) of a publicly-held company, if the Seller or the Shareholder is not otherwise associated directly or indirectly with such company or any affiliate of such company; (B) encourage, induce, attempt to induce, solicit or attempt to solicit any individual who is an employee of the Company as of the date hereof, or becomes an employee of the Company at any time during the Term (each, a "Specified Employee") to leave his or her employment with the Company (it being understood and agreed that the placement of general advertisements that are not targeted directly or indirectly towards a Specified Employee shall not be deemed to be a breach of this Section 6.2(a)(i)), or (C) hire or attempt to hire any Specified Employee; *provided however*, that nothing in this Section 6.2(a)(i) shall prohibit or prevent the Shareholder or the Seller or any Affiliate thereof from soliciting and/or employing Pamela Daniel; or

(ii) encourage, induce, attempt to induce, solicit or attempt to solicit, any customer, distributor, vendor, marketer or sponsor of the Company to cease or materially negatively alter its customer, distributor, vendor, marketer or sponsor relationship with the Company, as the case may be, with respect to the Business.

6.3 **Preservation of Books and Records**

Each Party shall, and shall cause, as applicable, the Seller, the Buyer and the Company, in accordance with commercially reasonable retention policy practices, to preserve and keep the material records held by them relating to the business of the Company as applicable, for a period of seven years from the Closing Date and shall make such records and personnel available to a requesting Party (including the right to make copies thereof), at such requesting Party's own cost and expense and to the extent not unreasonably burdensome to the Seller and the Company, as applicable, as may be reasonably required by the requesting Party in connection with any insurance claims by, Legal Proceedings (including with respect to the enforcement of this Agreement, including indemnity claims) or Tax audits against or investigations by any Governmental Authority of the Seller, the Buyer or the Company or any of their respective Affiliates with respect to their ownership of the Company, as applicable, or the transactions contemplated by this Agreement and the other Transaction Documents (including in connection with the final determination of the Closing Balance Sheet). Notwithstanding the foregoing, no Party will be obligated to provide a requesting Party with access to any books or records (including personnel files) where such access would (i) cause the loss of any attorney-client or other similar privilege; or (ii) contravene any applicable law, fiduciary duty or binding agreement.

6.4 **Tax Matters**

(a) Responsibility for Filing Tax Returns.

(i) The Seller and the Shareholder shall prepare, or cause to be prepared all Tax Returns of the Company for Tax periods ending on or before the Closing Date that are due after the Closing Date (collectively, the "Seller Prepared Tax Returns"). Each Seller Prepared Tax Return shall be prepared consistent with the past practices of the Company, as applicable, except as required by applicable Law. The Seller and/or the Shareholder shall provide a copy of such Seller Prepared Tax Return to the Buyer for review and comment at least 30 days (10 days in the case of a non-income Tax Return) prior to the due date for filing such Tax Returns, and Seller shall consider in good faith any reasonable comments provided by Buyer on the Seller Prepared Tax Return. The Seller, the Shareholder, and Buyer shall work in good faith to resolve any disputes with respect to any Seller Prepared Tax Returns. If the Parties are unable to resolve a dispute, then such dispute shall be submitted to the Independent Accounting Firm to resolve such dispute in a manner consistent with the procedures for resolving disputed items set forth in Section 2.6(b). If a Seller Prepared Tax Return is required to be filed prior to the resolution of a dispute, the Seller Prepared Tax Return shall be filed as determined by Seller and the Shareholder and such Tax Return shall be promptly amended if and to the extent required to reflect the final resolution of the dispute. The Seller and/or the Shareholder shall timely file all Seller Prepared Tax Returns. The Seller and/or the Shareholder shall timely pay to the appropriate Tax Authority any Taxes shown as due on the Seller Prepared Tax Returns if and only to the extent that a liability for the amount of such Taxes was not included in Working Capital and such Taxes were not pre-paid by the Company prior to the Closing Date. If and to the extent that a liability for a Tax reflected as due on and payable with a Seller Prepared Tax Return was included in Working Capital, the Company shall pay, and the Buyer shall cause the Company to pay, to the Seller the amount of such liability within two Business Days before payment of the Taxes (including estimated Taxes) is due to the applicable Tax Authority. The Company shall, and the Buyer shall cause the Company to, promptly and timely execute a Seller Prepared Tax Return to the extent required by applicable Law.

(ii) Buyer shall prepare, or cause to be prepared, and timely file, or cause to be timely filed, all Tax Returns of the Company for any Straddle Period (the "Buyer Prepared Tax Returns"). Each Buyer Prepared Tax Return shall be prepared consistent with the past practices of the Company, as applicable, except as required by applicable Law. Buyer shall provide a copy of such Buyer Prepared Tax Return to the Seller and the Shareholder for review and comment at least thirty (30) days (10 days in the case of a non-income Tax Return) prior to the due date for filing such Buyer Prepared Tax Returns, and Buyer shall consider in good faith any reasonable comments provided by Seller or the Shareholder on such Buyer Prepared Tax Return. The Seller, the Shareholder, and Buyer shall work in good faith to resolve any disputes with respect to any Buyer Prepared Tax Returns. If the Parties are unable to resolve a dispute, then such dispute shall be submitted to the Independent Accounting Firm to resolve such dispute in a manner consistent with the procedures for resolving disputed items set forth in Section 2.6(b). If a Buyer Prepared Tax Return is required to be filed prior to the resolution of a dispute, the Tax Return shall be filed as determined by the Buyer and it shall be promptly amended if and to the extent required to reflect the final resolution of the dispute. The Seller and/or the Shareholder shall pay to Buyer all Taxes due and payable with a Buyer Prepared Tax Return for a Straddle Period that are allocated to the Pre-Closing Tax Period in accordance with Section 6.4(c) within two (2) Business Days before payment of Taxes (including estimated Taxes) is due to the applicable Tax Authority if and only to the extent that a liability for such Taxes was not included in Working Capital and such Taxes were not pre-paid by the Company, the Seller and/or Shareholder prior to the Closing Date.

(b) Cooperation on Tax Matters. Buyer, the Company, the Seller, and the Shareholder shall, and Buyer shall cause the Company to, reasonably cooperate, as and to the extent reasonably requested by any other Party, in connection with the preparation and filing of Tax Returns pursuant to this Agreement and any audit, litigation or other proceeding with respect to Taxes or Tax Returns of the Company for or that include a Pre-Closing Tax Period (a "Tax Contest"). Such cooperation will include the retention and (upon the other Party's written request) the provision of records and information that is in the possession of such Party, which is reasonably relevant to any such Tax Contest and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided under this Agreement. Buyer, the Company, the Shareholder and the Seller agree to retain all books and records with respect to Tax matters pertinent to the Company relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Buyer, the Company or the Seller any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any Tax Authority.

(c) Tax Contests. If, subsequent to the Closing, Buyer or the Company receives notice of a Tax Contest relating to Taxes of the Company that relates to a Pre-Closing Tax Period, then within five days after receipt of such notice, Buyer shall notify the Seller and the Shareholder of such notice; *provided*, *however*, that any failure on the part of Buyer to so notify the Seller and/or the Shareholder shall not limit any of the obligations of the Seller or the Shareholder under Article VII (except to the extent such failure prejudices the defense of such Tax Contest). Seller shall have the right, but not the obligation, to control the conduct and resolution of any Tax Contest that relates to any taxable period that ends on or before the Closing Date, including any settlement or compromise thereof; provided, that if the Seller and the Shareholder exercise their right to control the Tax Contest Seller and the Shareholder shall keep the Buyer reasonably informed of all material developments on a timely basis and *provided further* that the Buyer will be entitled to participate in the defense of such claim if and only to the extent that the resolution of the Tax Contest would reasonably be expect to adversely impact the Taxes or Tax Returns of the Company for a Tax period beginning on or after the Closing Date, and to employ counsel of its choice for such purpose, the fees and expenses of which separate counsel will be borne solely by Buyer. If and only to the extent that a settlement of a Tax Contest controlled by Seller would reasonably be expected to subject the Buyer or the Company to a non-indemnified Tax, neither Seller nor the Shareholder shall settle such Tax Contest without the prior written consent of the Buyer (which consent not be unreasonably withheld, conditioned or delayed). Buyer shall have the right and obligation to control the conduct and resolution of any Tax Contest that relates to a Straddle Period or that is not controlled by the Seller, including any settlement or compromise thereof; *provided*, that Buyer shall keep the Seller and the Shareholder reasonably informed of all material developments on a timely basis *provided further* that the Seller and the Shareholder will be entitled to participate in the defense of such Tax Contest and to employ counsel of its choice for such purpose, the fees and expenses of which separate counsel will be borne solely by Seller or the Shareholder, as applicable. Neither Buyer nor the Company shall settle a Tax Contest that Buyer controls without the prior written consent of the Seller and the Shareholder (which consent not to be unreasonably withheld, conditioned or delayed if such settlement would impact the Seller or the Shareholder). To the extent any provisions in Section 7.6 are inconsistent with this Section 6.4(c) with respect to any Third-Party Claim that relates to Taxes, this Section 6.4(c) shall control.

(d) Straddle Period Allocation. For purposes of Section 6.4(a)(ii) and Article VII, the portion of any Tax that relates to the portion of any Straddle Period ending on the day prior to the Closing Date shall be allocated to the Pre-Closing Tax Period as follows: (A) the amount of any Taxes for the Pre-Closing Tax Period that are (i) based on or measured by income or receipts, (ii) imposed in connection with the sale, transfer or assignment of property, or (iii) required to be withheld, shall be determined based on an interim closing of the books as of the close of business on the day prior to the Closing Date; (B) the amount of all other Taxes that relate to the Pre-Closing Tax Period shall be deemed equal to the amount of such Taxes for the entire period multiplied by a fraction, the numerator of which is the number of days in the period ending on the day prior to the Closing Date and the denominator of which is the number of days in the entire period. Taxes allocated to the Pre-Closing Tax Period shall be borne by the Seller and/or Shareholder to the extent set forth in this Agreement. The remainder of the Taxes for the Straddle Period that are not allocated to the Pre-Closing Tax Period shall be allocated to the portion of the Straddle Period beginning on the Closing Date and such Taxes shall be borne by Buyer.

(e) Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes (including any penalties and interest) incurred in connection with this Agreement ("Transfer Taxes"), if any, shall be borne by the Buyer. All necessary Tax Returns and other documentation with respect to all such Transfer Taxes shall be filed by the Party required to file such Tax Returns under applicable law (at the cost and expense of the Buyer) and such Party shall provide copies of such Tax Returns to the other Party and, if required by applicable law, the other Party will join in the execution of any such Tax Returns and other documentation.

(f) Post-Closing Tax Matters.

(i) For U.S. federal tax purposes (and state and local Tax purposes where applicable), Buyer, as the parent corporation, shall elect to file (i) a consolidated income Tax Return (IRS Form 1120 and applicable state and local Tax forms) with the Company, and (ii) a combined Texas franchise Tax report, in each case to be effective as of the Closing Date, and shall cause the Company, as a subsidiary corporation, to consent to such election as provided in the Code, Treasury Regulations and other applicable Law.

(ii) The Parties agree that no election shall be made under Section 336(e) or Section 338(h)(10) of the Code in connection with the Transaction.

(iii) Promptly upon receipt by the Company or Buyer, the Buyer shall pay to Seller any refund, rebate, abatement, reduction or other recovery (whether direct or indirect through a right of setoff or credit) of Taxes of the Company and any interest received thereon, attributable to any Pre-Closing Tax Period of the Company. The Parties agree to treat any payment made pursuant to this Section 6.4(f)(iii) as an adjustment to the Purchase Price for Tax purposes. Upon request by Seller or the Shareholder after the Closing Date, the Buyer shall cause the Company to use commercially reasonable efforts to obtain any refund, rebate, abatement, reduction or other recovery (whether direct or indirect through a right of setoff or credit) of Taxes of the Company and any applicable interest for any Pre-Closing Tax Period that would be payable to the Seller pursuant to this Section 6.4(f)(iii), including by filing amended Tax Returns.

(iv) Following the Closing, unless the Seller and the Shareholder provides their prior written consent, the Buyer and the Company shall not (i) amend, refile or otherwise modify any Tax election or Tax Return of or related to the Company with respect to any Pre-Closing Tax Period, (ii) file a Tax Return of the Company for a Pre-Closing Tax Period in a jurisdiction where the Company has not previously filed a Tax Return, (iii) grant an extension of any applicable statute of limitations with respect to a Tax Return of the Company for a Pre-Closing Tax Period, or (iv) enter into any voluntary disclosure Tax program, agreement or arrangement with any Governmental Authority or Tax Authority that relates to the Taxes or Tax Returns of the Company for a Pre-Closing Tax Period.

(v) For purposes of this Section 6.4, all references to the Buyer, the Seller, the Shareholder and the Company include their respective successors.

6.5 **Further Assurances**

From time to time after the date hereof, and without further consideration, the Parties shall execute and deliver, or arrange for the execution and delivery of, such other instruments of conveyance and transfer and take or arrange for such other actions as may be reasonably requested by the other Party to more effectively complete any of the transactions provided for in this Agreement or any document contemplated hereby.

6.6 **D&O Policy; Indemnification of Directors and Officers**

(a) At the Closing, the Company shall purchase an extended reporting period endorsement under the Company's existing directors' and officers' liability insurance coverage for the Company's and its Subsidiaries' directors, managers, members and officers in a form reasonably acceptable to the Company that shall provide such directors, managers, members and officers with coverage for six years following the Closing of not less than the existing coverage and have other terms not materially less favorable to, the insured Persons than the directors' and officers' liability insurance coverage presently maintained by the Company (the "D&O Tail Policy"). The Company shall maintain the D&O Tail Policy in full force and effect, and continue to honor the obligations thereunder. The cost of the D&O Tail Policy shall be paid by the Buyer.

(b) For a period of six years after the Closing, the Buyer shall not, and shall not permit the Company to, amend, repeal or modify (in a manner adverse to the beneficiary thereof) any provision in the Company's certificate of formation or By-laws relating to exculpation or indemnification of any officers or directors, it being the intent of the parties hereto that the officers and managers of the Company on the Closing Date shall continue to be entitled to such exculpation and indemnification to the full extent of the law. In the event the Buyer, the Company or any of their respective successors or assigns (a) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (b) transfers all or substantially all of its properties and assets to any Person, then, and in either such case, proper provision shall be made so that the successors and assigns of the Buyer or the Company, as the case may be, shall assume all of the obligations set forth in this Section 6.6.

6.7 **Post Closing Deliverables.**

Within 45 days of the Closing, the Seller and/or Shareholder shall use reasonable best efforts to cause the following items to be delivered to the Buyer or Company: (a) updated title commitments and title insurance policies for the Owned Real Property; (b) a general release from each of John Benckenstein and George Leonard Benckenstein, in a form satisfactory to the Buyer in its reasonable discretion, releasing the Company, the Buyer, and their respective Affiliates from any claims held by such person against the Buyer, the Company, and their respective Affiliates with respect to ownership of the Shares; and (c) a consent to change of control from Baker Hughes in respect to the transactions contemplated herein; and (d) to the Company consents to assignment of the lease agreements set forth on Schedule 6.7.

ARTICLE VII - INDEMNIFICATION

7.1 **Representations, Warranties and Covenants**

All representations, warranties, covenants, and agreements of the Company, the Seller, the Shareholder and the Buyer made in this Agreement, all Transaction Documents executed and delivered in connection herewith, and all certificates delivered in connection therewith (a) shall be deemed to have been relied upon by the Party or Parties to whom they are made, and shall survive the Closing regardless of any investigation on the part of such Party or its representatives, and (b) shall bind the Parties' successors and assigns (including, without limitation, any successor to the Company by way of acquisition, merger or otherwise), whether so expressed or not, and, except as otherwise provided in this Agreement, all such representations, warranties, covenants and agreements shall inure to the benefit of the Parties (subject to Section 7.2 below) and their respective successors and assigns and to their transferees of Shares, whether so expressed or not.

7.2 **Survival Period**

Other than with respect to the Fundamental Representations of the Seller and the Fundamental Representations of the Buyer, all of the representations and warranties of the Company, the Seller, the Shareholder and the Buyer contained in this Agreement shall survive the Closing and continue in full force and effect until the 12-month anniversary of the Closing Date, except that any written claim for breach thereof made in good faith with commercially reasonable specificity prior to such expiration date and delivered to the Party against whom indemnification is sought shall survive thereafter until finally resolved and, as to any such claim, such applicable expiration will not affect the rights to indemnification of the Party making such claim; *provided*, that (a) the representations and warranties made pursuant to Section 3.3 (Shares), Section 4.1 (Authority and Non-Contravention), and Section 4.2 (Shares) shall survive the Closing and continue indefinitely; (ii) the Fundamental Representations of the Seller, other than Section 3.3 (Shares) and Section 4.2 (Shares), and the Fundamental Representations of the Buyer shall survive the Closing and continue in full force and effect until the 10 year anniversary of the Closing, and (b) Section 3.10 (Tax Matters) Section 3.16 (Employee Matters; ERISA) and Section 3.20 (Environmental) (collectively, the "Regulatory Representations") shall survive until the date that is 60 calendar days after the expiration of the applicable statute of limitations. "Fundamental Representations of the Seller" shall mean the representations set forth in Section 3.1 (Organization and Company Power); Section 3.2(a) (Authorization); Section 3.3 (Shares); Section 3.4 (Subsidiaries); Section 3.18 (No Brokers or Finders); Section 4.1(a) (Authority); Section 4.2 (Shares); and Section 4.4 (Investment Banking; Brokerage Fees). "Fundamental Representations of the Buyer" shall mean the representations set forth in Section 5.1 (Organization and Power), Section 5.2 (Authority and Non-Contravention) Section 5.3 (Consents and Approvals) and Section 5.6 (Solvency). The covenants contained in this Agreement shall survive the Closing until they are otherwise terminated by their respective term.

7.3 **Indemnification Provisions for Buyer's Benefit**

Provided that the Buyer makes a written claim for indemnification, describing with commercially reasonable specificity the facts and circumstances with respect to the subject matter of such claim within the applicable survival period set forth in Section 7.2, subject to the limitations set forth in this Article VII, the Seller and the Shareholder, jointly and severally, on their own behalf and on behalf of his successors, executors, administrators, estate, heirs and assigns (collectively, for the purposes of this Section 7.3, the "Seller Indemnifying Parties" and each, individually, a "Seller Indemnifying Party") shall indemnify Buyer and Buyer's directors, managers, officers, employees, Affiliates, equity holders, agents, representatives, successors and assigns (collectively, the "Buyer Indemnified Parties") from and against any Losses incurred by any of the Buyer Indemnified Parties arising out of, or by reason of:

(a) any inaccuracy in or breach by the Company or the Seller of the Fundamental Representations and/or Section 3.10 (Tax Matters); *provided*, *however*, that the Seller Indemnifying Parties shall, jointly and severally, indemnify the Buyer Indemnified Parties from and against any Losses incurred by any of the Buyer Indemnified Parties arising out of or by reason of an inaccuracy in or breach by the Company or the Seller of Section 3.3, Section 4.1, or Section 4.2 without regard to any disclosure on the Schedules to this Agreement and without regard to disclosure number four on Schedule 3.9 to this Agreement;

(b) any inaccuracy in or breach by the Seller or the Shareholder of any covenant made by the Seller or the Shareholder under this Agreement;

(c) any (i) Taxes of the Company or predecessors with respect to any Pre-Closing Tax Period; (ii) Taxes for which the Company (or any predecessor) is held liable under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law) by reason of such entity being included in any consolidated, affiliated, combined or unitary group at any time on or before the day prior to the Closing Date; *provided*, *however*, that the Seller Indemnifying Parties shall have no liability under this Section 7.3(c) for any Taxes to the extent they were paid to the appropriate Tax Authority or to the Buyer pursuant to Section 6.4(a) or treated as Final Indebtedness or reserved in the Working Capital;

(d) Any inaccuracy in or breach of any of the representations or warranties of the Company, the Seller, or the Shareholder (other than Fundamental Representations or Section 3.10 (Tax Matters)) contained in this Agreement or in any certificate, Transaction Document, instrument delivered by or on behalf of the Company, the Seller, or the Shareholder pursuant to this Agreement; and

(e) Any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Company, the Seller, or the Shareholder pursuant to this Agreement or any Transaction Document.

Notwithstanding the foregoing, for purposes of this Agreement, (i) other than in respect of Losses pursuant to Sections 7.3(a) through 7.3(c), no indemnification shall be due or payable by the Seller Indemnifying Parties and no claim will be made against them with respect to Losses, until such Losses (that are otherwise recoverable hereunder) exceed in the aggregate, 0.5% of the Purchase Price (the "Basket"), in which case, the Buyer Indemnified Parties shall be entitled to recover all Losses from the first dollar, subject to the limitations hereof. The aggregate amount of all Losses for which the Seller Indemnifying Parties shall be liable pursuant to Section 7.3(a) and Section 7.3(c) shall not exceed 50% of the Purchase Price. The aggregate amount of all Losses for which the Seller Indemnifying Parties shall be liable pursuant to Section 7.3(b), Section 7.3(d), and Section 7.3(e) shall not exceed 8% of the Purchase Price. Notwithstanding the forgoing, no Seller Indemnifying Party shall be liable to the Buyer Indemnified Party for any Losses arising under this Section 7.3 with respect to a claim, or series of related claims, if such claim, or series of related claims, arising out of the same or similar set of facts or circumstances results in a Loss in the amount of $10,000 or less (a "De Minimis Claim"), regardless of whether or not aggregate Losses have exceeded the Basket; nor shall the amount of any De Minimis Claim be taken into account in determining whether the Basket has been reached, provided that this sentence and the De Minimis Claim threshold shall not apply to any breach or inaccuracy of a Fundamental Representation or Section 3.10 (Tax Matters).

Notwithstanding anything provided in this Agreement to the contrary, no indemnification shall be payable by any Seller Indemnifying Party pursuant to this Section 7.3 with respect to any claim asserted by the Buyer Indemnified Party after the expiration of the survival period, if any, prescribed for such representation, warranty or covenant in Section 7.2.

7.4 **Indemnification Provisions for the Seller's Benefit; Limitations**

(a) Subject to the provisions of this Article VII, from and after Closing, the Buyer agrees to indemnify and hold each of the Seller, the Shareholder and its respective representatives, directors, managers, officers, employees, Affiliates, equity holders, agents, successors, heirs and assigns (the "Seller Indemnified Parties") harmless from and against any Losses sustained or suffered by the Seller Indemnified Parties to the extent caused by or arising from a breach of, or inaccuracy in, any representation or warranty made by the Buyer, the common law fraud of the Buyer, or a failure to perform any covenant or agreement made by the Buyer herein.

(b) Notwithstanding anything provided in this Agreement to the contrary, no indemnification shall be payable by the Buyer pursuant to Section 7.4(a) with respect to any claim asserted by a Seller Indemnified Party after the expiration of the survival period, if any, prescribed for such representation, warranty or covenant in Section 7.2. In no event shall the aggregate liability of the Buyer for indemnification payable under this Article VII exceed an amount equal to the Final Net Purchase Price (as finally determined in accordance with Article II).

7.5 **Effect of Investigation**

The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its representatives) or by reason of the fact that the Indemnified Party or any of its representatives knew or should have known that any such representation or warranty is, was or might be inaccurate; *provided*, *however*, except with respect to breaches of Section 3.3 and/or Section 4.2 of this Agreement, in the event that, as of the Closing Date, Philip Fain, Paul Underberg, and/or Kenneth Bird had actual knowledge of a specific breach of a representation or warranty or covenant of the Company, the Seller or the Shareholder, then the Buyer's right to indemnification under Article VII shall not apply solely to the extent of the actual knowledge of the particular breach at issue.

7.6 **Matters Involving Third Parties**

(a) If any third party notifies any Party (the "Indemnified Party") with respect to any matter (a "Third-Party Claim") that gives rise to a claim for indemnification against another Party (the "Indemnifying Party") under this Article VII, then the Indemnified Party shall promptly (and in any event within 15 Business Days after receiving notice of the Third-Party Claim) notify the Indemnifying Party thereof in writing (a "Notice"); *provided*, *however*, that failure to give such Notice shall not limit the right of an Indemnified Party to recover indemnity or reimbursement from any Indemnifying Party except to the extent that such Indemnifying Party suffers any material prejudice or material harm with respect to such claim as a result of such failure except and to the extent that the Indemnifying Party can demonstrate actual material loss or actual material prejudice (and in any event, solely to the extent of such loss or prejudice) as a result of such failure. For the avoidance of doubt, this Section 7.6 shall not apply with respect to any Tax Contests, which shall be governed solely by Section 6.4(c).

(b) In the case of any Third-Party Claims for which indemnification is sought, the Indemnifying Party shall be entitled at its cost and expense to (i) conduct and control any proceedings or negotiations with such third party, (ii) perform and control or direct the performance of any required activities, (iii) take all other steps to settle or defend any such claim (*provided* that the Indemnifying Party shall not settle any such claim without the consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed) unless the settlement includes a complete release of the Indemnified Party with respect to the claim and no additional obligation, restriction or Losses shall be imposed on the Indemnified Party other than solely the payment of money damages for which the Indemnified Party will be indemnified hereunder) and (iv) employ counsel to contest any such claim or liability; *provided*, that the Indemnifying Party shall not have the right to assume control of such defense, if the claim for which the Indemnifying Party seeks to assume control: (w) seeks non-monetary relief (except where non-monetary relief is merely incidental to a primary claim or claims for monetary damages), (x) involves criminal allegations, (y) is one in which the Indemnifying Party is also a Party and for which joint representation would, in the reasonable opinion of the Indemnified Party's or Indemnifying Party's respective counsel, be inappropriate or, in the reasonable opinion of the Indemnified Party's or Indemnifying Party's respective counsel, there may be legal defenses available to the Indemnified Party that are materially different from or materially additional to those available to the Indemnifying Party or (z) involves a claim for which, upon petition by the Indemnified Party, the appropriate court rules that the Indemnifying Party failed or is failing to vigorously prosecute or defend. The Indemnifying Party shall, within 30 days after delivery of the Notice to Indemnifying Party (or sooner, if the nature of the Third-Party Claim so requires) (the "Dispute Period"), notify the Indemnified Party of its intention as to the conduct and control of the defense of such claim, *provided* that the Indemnified Party and its counsel shall cooperate with the Indemnifying Party and its counsel. Until the Indemnified Party has received notice of the Indemnifying Party's election whether to defend any claim, the Indemnified Party shall take commercially reasonable steps to defend (but may not settle) such claim. If the Indemnifying Party shall decline to assume the defense of any such claim, or the Indemnifying Party shall fail to notify the Indemnified Party within the Dispute Period of the Indemnifying Party's election to defend such claim, the Indemnified Party shall defend against such claim (*provided* that the Indemnified Party shall not settle such claim without the consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed)) and the Indemnifying Party will remain responsible for any Losses the Indemnified Party may suffer as a result of such Third-Party Claim to the extent subject to indemnification under this Article VII. If the Indemnifying Party assumes the defense of any Third-Party Claim in accordance with the provisions of this Section 7.6, then the Indemnifying Party shall be liable for the reasonable fees of one other counsel or any other reasonably incurred expenses with respect to the defense of such Third-Party Claim incurred by Indemnified Party following the assumption of such defense by Indemnifying Party.

7.7 **Direct Claims**

Any indemnification claim by an Indemnified Party which does not result from a Third-Party Claim shall be asserted by the Indemnified Party by giving the Indemnifying Party prompt written notice thereof. Such written notice shall summarize the basis for the indemnification claim based on the information reasonably available at that time to the Indemnified Party. The failure to give written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, unless, and then solely to the extent that, the rights of the Parties from whom indemnity is sought are materially prejudiced as a result of such failure; *provided*, *however*, that no such notice shall have any effect or be valid if it is given following the end of any applicable survival period provided for in Section 7.2. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such claim. If the Indemnifying Party does not so respond within such 30 day period, the Indemnifying Party shall be deemed to have accepted such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement and the Indemnifying Party shall promptly pay any amounts owed in accordance with the terms of this Agreement.

7.8 **Further Limitations and Qualifications**

(a) Right to Recover. The Indemnified Parties shall attempt in good faith to promptly seek to recover or make a claim for insurance proceeds as a result of any matter giving rise to an indemnification claim of the Indemnified Parties against the Indemnifying Party, to the extent available therefor. The failure to promptly seek to recover or make a claim for insurance proceeds shall not, however, relieve the Indemnifying Party of its indemnification obligations, unless, and then solely to the extent that, the rights of the Parties from whom indemnity is sought are materially prejudiced or materially harmed as a result of such failure. In addition, the Indemnifying Party shall, to the extent of any indemnification payment made by it and to the extent consistent with any related indemnification agreement, insurance policy, or applicable law, be subrogated to all rights of the Indemnified Party against any third party in respect of the claim (or portion of such claim) to which the indemnification payment relates. If the Indemnified Party actually receives any insurance proceeds as a result of the matter giving rise to any indemnification claim of the Indemnified Party, the Indemnifying Party's indemnification obligation with respect to such claim shall be reduced by the amount of any such insurance proceeds (net of any expenses incurred in collection thereof) actually received by the Indemnified Party. If the Indemnified Party actually receives any insurance proceeds with respect to any Loss after the Indemnifying Party has provided indemnification for such Loss to the Indemnified Party, then the Indemnified Party shall promptly turn over any such insurance proceeds (net of any expenses incurred in collection thereof) to the Indemnifying Party with respect to such Loss.

(b) Exclusive Remedies. Subject to (and without limiting the effects of) the terms of Section 9.12, from and after Closing, except with respect to matters covered by Section 2.6, the remedies provided in this Article VII shall constitute the sole and exclusive remedies available to any Party hereto with respect to any claim relating to this Agreement or the transactions contemplated hereby and the facts and circumstances relating and pertaining hereto (whether any such claim shall be made in contract, breach of warranty, tort or otherwise), other than for common law fraud.

(c) Duration of Claim. The indemnification obligations of the Indemnifying Party pursuant to this Agreement with respect to a specific claim for which indemnification is provided under this Agreement shall extend beyond the time period for indemnification set forth herein with respect to such specific claim until it has been fully discharged or resolved or settled so long as a written notice prepared in good faith with reasonable specificity (to the extent known at such time) shall have been given to the Indemnifying Party on or prior to the end of such time period.

(d) Calculating Losses. For the purpose of determining the amount of losses arising from a breach of or inaccuracy in any representation or warranty of the Company, the Seller, or the Shareholder, any limitation or qualification as to materiality (or a similar concept) set forth in such representation or warranty shall be disregarded other than with respect to Sections 3.8, 3.12, 3.13, and 3.16.

(e) Mitigation. Each Party shall each take all reasonable steps to mitigate any Losses upon becoming aware of any event or circumstance that would reasonably be expected to, or does, give rise to Losses, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Losses.

(f) No Duplication. Any liability for indemnification hereunder shall be determined without duplication of recovery by reason of the state of facts giving rise to such liability constituting a breach of more than one representation, warranty, covenant or agreement. In this regard, there shall be no duplication of recovery under Article III and/or Article IV.

7.9 **Limitation on Liability.**

NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT OR ANY OTHER AGREEMENT TO THE CONTRARY, EXCEPT WITH RESPECT TO THIRD PARTY CLAIMS, IN NO EVENT WILL ANY INDEMNIFYING PARTY OR ANY OF ITS AFFILIATES BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, OR AMOUNTS CALCULATED AS A MULTIPLE OF EARNINGS, PROFITS, REVENUE, SALES OR OTHER MEASURE IN CONNECTION WITH ANY CLAIMS, LOSSES, DAMAGES OR INJURIES ARISING OUT OF THE CONDUCT OF SUCH PARTY PURSUANT TO THIS AGREEMENT OR THE TRANSACTION DOCUMENTS REGARDLESS OF WHETHER THE NONPERFORMING PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR NOT, UNLESS SUCH DAMAGES WERE PROBABLE AND REASONABLY FORESEEABLE.

ARTICLE VIII - EMPLOYEE MATTERS

8.1 **Maintenance of Compensation and Benefits.**

For a period of 12 months following the Closing, the Buyer shall cause the Company to provide each Continuing Employee with (a) a base salary or wage rate and cash bonus opportunity that are no less favorable than the base salary or wage rate and cash bonus opportunity provided to such Continuing Employee by the Company immediately prior to the Closing and (b) employee benefits that are substantially comparable in the aggregate to the employee benefits provided by the Company to all such Continuing Employee immediately prior to the Closing and which are set forth on Schedule 3.16(a) hereto. For purposes of determining eligibility to participate and vesting purposes (other than benefit accrual under a defined benefit pension plan), such Continuing Employee's service with the Company prior to the Closing shall be treated as service with the Buyer and its Affiliates to the same extent as such Continuing Employee was entitled, before the Closing, to credit for such service under any analogous Employee Benefit Plan; *provided* that the foregoing shall not apply to the extent that it would result in any duplication of benefits for the same period of service. With respect to any health and welfare plan maintained by the Buyer or its Affiliates in which any Continuing Employee is eligible to participate on or after the Closing, the Buyer shall, or shall cause its Affiliates to, (a) waive, or cause to be waived, preexisting conditions, limitations, exclusions, actively-at-work requirements and waiting periods with respect to participation by and coverage of each Continuing Employee (and his or her eligible dependents) and (b) recognize, or cause to be recognized, the dollar amount of all co-payments, deductibles and similar expenses incurred by each Continuing Employee (and his or her eligible dependents) during the calendar year in which the Closing occurs for purposes of satisfying such year's deductible and co-payment limitations under the relevant welfare benefit plans in which each Continuing Employee (and his or her eligible dependents) will be eligible to participate from and after the Closing.

8.2 **Severance.**

With respect to any Continuing Employee whose employment is terminated by the Buyer or any of its Affiliates during the 12-month period commencing on the Closing, the Buyer shall provide, or shall cause its Affiliates to provide such Continuing Employee with severance benefits equal to the severance benefits that would have been provided pursuant to the terms of any applicable Employee Benefit Plan to such Continuing Employee had such termination occurred immediately prior to the Closing.

8.3 **No Third-Party Beneficiary.**

The provisions of this Article VIII are solely for the benefit of the parties, and no Continuing Employee or former employee, nor any current or former director or consultant of the Company or any other individual shall be regarded for any purpose as a third party beneficiary of this Article VIII or have any cause of action or claim based on this Article VIII. In no event shall the terms of this Agreement be deemed to: (a) establish, amend, or modify any benefit plan; (b) alter or limit the ability of the Buyer or any of its Affiliates, as applicable, to amend, modify, or terminate any benefit plan; or (c) confer upon any employee, former employee, or any other individual any right to employment or continued employment or benefits or continued service with the Buyer or any of its Affiliates.

ARTICLE IX - MISCELLANEOUS

9.1 **Entire Agreement**

This Agreement together with the Transaction Documents constitutes the full and entire understanding and agreement among the Parties hereto with respect to the subject matters hereof and thereof and any and all other written or oral agreements existing prior to are expressly superseded and canceled.

9.2 **No Third-Party Beneficiaries**

This Agreement is not intended to, and shall not, confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

9.3 **Amendments, Waivers, Consents and Assignability**

(a) For the purposes of this Agreement and all agreements, documents and instruments executed pursuant hereto, except as otherwise specifically set forth herein or therein, no course of dealing between the Company, the Shareholder or the Seller on the one hand, and the Buyer on the other, and no delay on the part of any Party hereto in exercising any rights hereunder or thereunder shall operate as a waiver of the rights hereof and thereof. Any term or provision hereof may be amended, terminated or waived (either generally or in a particular instance and either retroactively or prospectively) with the written consent of the Buyer and the Seller.

(b) The Buyer may assign its rights to an Affiliate controlled by Parent without obtaining the consent of the Seller or the Shareholder, but no such assignment will relieve the Buyer of its obligations under this Agreement. This Agreement may not otherwise be assigned by any Party without the prior written consent of each other Party. This Agreement shall be binding upon and enforceable by, and shall inure to the benefit of, the Parties hereto and their respective successors, heirs, executors, administrators and permitted assigns, and no others. Notwithstanding the foregoing and except as otherwise expressly provided, nothing in this Agreement is intended to give any Person not named herein the benefit of any legal or equitable right, remedy or claim under this Agreement, except as expressly provided herein.

9.4 **Notices and Demands**

Any notice or other communication required or permitted to be given to any Person hereunder shall be in writing and shall be given to such Person at such Person's address set forth below, or such other address as such Person may hereafter specify by notice in writing to the other Persons. Any such notice or other communication shall be addressed as aforesaid and given by: (i) certified mail (registered mail), with first class postage prepaid, (ii) hand delivery, or (iii) reputable overnight express courier. Any notice or other communication will be deemed to have been duly given immediately when actually delivered or upon refusal of delivery:

To the Seller and Shareholder:	Claude Leonard Benckenstein PO Box 848 Stafford, Texas 77497-0848 Email: [redacted]
With a copy (which shall not constitute notice) to:	Norton Rose Fulbright US LLP Fulbright Tower 1301 McKinney, Suite 5100 Houston, Texas 77010 Attn: William D. Davis II E-mail: william.davisii@nortonrosefulbright.com
To the Company or the Buyer:	Ultralife Corporation 2000 Technology Parkway Newark, New York 14513 Attn: Philip Fain, Chief Financial Officer and Paul D. Underberg, General Counsel Email: paul.underberg@ulbi.com
With a copy (which shall not constitute notice) to:	Lippes Mathias Wexler Friedman LLP 50 Fountain Plaza, Suite 1700 Buffalo, New York 14203 Attn: Brian J. Bocketti Email: bbocketti@lippes.com

9.5 **Severability**

Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. If any portion of this Agreement is declared invalid for any reason in any jurisdiction, such declaration shall have no effect upon the remaining portions of this Agreement which shall continue in full force and effect as if this Agreement had been executed with the invalid portions thereof deleted; *provided*, *however*, if such severability will negate in any material respect the monetary terms of this Agreement, then the Parties shall negotiate in good faith to amend the invalid terms in a manner so that such terms shall not be invalid and will not modify in any material respect the monetary terms of this Agreement unless otherwise agreed to by the Parties. Furthermore, the entirety of this Agreement shall continue in full force and effect in all other jurisdictions.

9.6 **Counterparts**

This Agreement may be executed in counterparts (including by facsimile or other means of electronic transmission, such as by electronic mail in ".pdf" form), all of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile transmission or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

9.7 **Headings; Interpretation**

The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement. For purposes of this Agreement: (a) the words "include," "includes" and "including" will be deemed to be followed by the words "without limitation"; and (b) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references in this Agreement: (x) to Articles, Sections, Disclosure Schedule and Exhibits mean the Articles and Sections of, and Disclosure Schedule and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement will be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedule and Exhibits referred to in this Agreement will be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim in this Agreement.

9.8 **Exhibits and Schedules**

The Exhibits and Schedules to this Agreement are incorporated herein by reference and made a part of this Agreement. The Disclosure Schedule is arranged in sections and paragraphs corresponding to the numbered and lettered sections and paragraphs of Article III, Article IV and Article VI, as applicable. The disclosure in any section or paragraph of the Disclosure Schedule qualifies other sections and paragraphs in this Agreement to the extent it is reasonably apparent from the face and terms of such disclosure that such disclosure is applicable to such other sections and paragraphs. The Disclosure Schedule shall not be construed as indicating that any matter disclosed therein is required to be disclosed or that such information is material with respect to the Seller, the Shareholder or the Company, as applicable. No reference in the Disclosure Schedule to any agreement or document shall be construed as an admission to any third party that such agreement or document is enforceable or currently in effect or that there are any obligations remaining to be performed or any rights that may be exercised under such agreement or document. No disclosure in the Disclosure Schedule relating to any possible breach or violation of any agreement, law or regulation shall be construed as an admission to any third party that any such breach or violation exists or has already occurred.

9.9 **Governing Law; Venue**

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to any law provision or rule that would cause the application of the laws of any jurisdiction other than the State of Delaware. Any action or proceeding arising out of or relating to this Agreement or the transactions contemplated by this Agreement must be brought in the courts of the State of Texas, County of Harris, or, if it has or can acquire jurisdiction, in the United States District Court for the Southern District of Texas.

9.10 **Consent to Jurisdiction**

THIS SECTION SHALL APPLY EXCEPT WITH RESPECT TO WHICH A PARTY OTHERWISE SEEKS EQUITABLE REMEDIES PURSUANT TO SECTION 9.11 (SPECIFIC PERFORMANCE). EACH OF THE PARTIES IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE State AND FEDERAL COURTS LOCATED IN the state of TEXAS FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF THIS AGREEMENT, ANY RELATED AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY. EACH OF THE PARTIES FURTHER AGREES THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY U.S. REGISTERED MAIL TO SUCH PARTY'S RESPECTIVE ADDRESS SET FORTH ABOVE SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY ACTION, SUIT OR PROCEEDING IN the state of TEXAS WITH RESPECT TO ANY MATTERS TO WHICH IT HAS SUBMITTED TO JURISDICTION IN THIS Section 9.9. EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF THIS AGREEMENT, ANY RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY IN THE State AND FEDERAL COURTS LOCATED IN the state of TEXAS AND HEREBY AND THEREBY FURTHER IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION, SUIT OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

9.11 **Incorporation by Reference**

The Disclosure Schedule and other schedules and exhibits hereto constitute integral parts of this Agreement and are hereby incorporated by reference herein.

9.12 **Specific Performance**

The Parties agree that irreparable damage may occur and that the Parties hereto would not have any adequate remedy at law in the event of any breach or threatened breach of any covenant, obligation or other provision of this Agreement. It is accordingly agreed that the Parties hereto may be entitled to (a) a decree or order of specific performance to enforce the observance and performance of such covenant, obligation or other provision, and (b) an injunction restraining such breach or threatened breach, without proof of actual damages (and each Party hereto hereby waives any requirement for the securing or posting of any bond or other security in connection therewith), such remedies being in addition to any other remedy to which the Parties hereto are entitled at law or in equity.

9.13 **WAIVER OF JURY TRIAL**

EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.13.

(*Signature pages follow*)

IN WITNESS WHEREOF, the undersigned have executed this Stock Purchase Agreement as of the day and year first above written.

COMPANY:

SOUTHWEST ELECTRONIC ENERGY CORPORATION

By: /s/ Claude Leonard Benckenstein
Name: Claude Leonard Benckenstein
Title: Chief Executive Officer

BUYER:

ULTRALIFE CORPORATION

By: /s/ Philip A. Fain
Name: Philip A. Fain
Title: Chief Financial Officer & Treasurer

SHAREHOLDER:

/s/ Claude Leonard Benckenstein
Claude Leonard Benckenstein

SELLER:

SOUTHWEST ELECTRONIC ENERGY MEDICAL RESEARCH INSTITUTE

By: /s/ Claude Leonard Benckenstein
Name: Claude Leonard Benckenstein
Title: Chairman

EXHIBIT A

Calculation of Working Capital

[Intentionally omitted]

EXHIBIT B

ESCROW AGREEMENT

This ESCROW AGREEMENT (this "**Escrow Agreement**") is made as of May 1, 2019 by and among Ultralife Corporation, a Delaware corporation (**"Party A"**), Southwest Electronic Energy Medical Research Institute, a Texas non-profit corporation (**"Party B")** (each an "**Interested Party**" and together, the "**Interested Parties**") and KeyBank National Association ("**KBNA**") (the **Escrow Agent")**.

RECITALS

A. The Interested Parties have entered into an agreement (the "**Parties' Agreement**"), dated May 1, 2019.

B. The Parties' Agreement provides for the delivery into escrow of the sum of One Million and 00/100 Dollars ($1,000,000.00) (the principal amount thereof, in whatever form invested as provided herein, together with all interest and other proceeds earned thereon as well as on such interest and proceeds, is referred to as the **"Escrow Funds"**).

NOW THEREFORE, in consideration of the above recitals and the mutual covenants set forth in this Escrow Agreement, the parties agree as follows:

SECTION 1. APPOINTMENT OF ESCROW AGENT.

The Interested Parties each hereby irrevocably appoint KBNA as Escrow Agent to receive, hold, administer, and deliver the Escrow Funds in accordance with this Escrow Agreement, and KBNA hereby accepts its appointment, all subject to and upon the terms and conditions set forth herein.

SECTION 2. DEPOSIT OF ESCROW FUNDS.

On May 1, 2019, one or both Interested Parties will cause the sum of One Million and 00/100 Dollars ($1,000,000.00) to be transferred to the Escrow Agent. The Escrow Agent shall administer the Escrow Funds in accordance with the express provisions of this Escrow Agreement, and shall not make, be required to make, or be liable in any manner for its failure to make, any determination under the Parties' Agreement or any other agreement, including without limitation any determination whether either Interested Party has complied with the terms of the Parties' Agreement or is entitled to payment or to any other right or remedy thereunder.

SECTION 3. INVESTMENT OF CASH.

The Escrow Agent shall invest and re-invest the Escrow Funds in any money market fund operated by the Escrow Agent or its affiliates and that is jointly specified in writing from time to time by the Interested Parties. The Interested Parties agree that the Escrow Agent has no investment discretion, duty or responsibility for any investment made pursuant to this Escrow Agreement and further acknowledge and agree that Escrow Agent may receive and retain, as part of its compensation hereunder, any and all fees paid to it or its affiliates relating to any investment made. In the event that the money market fund specified by the Interested Parties is no longer available for investment and, after using commercially reasonable efforts, the Escrow Agent cannot obtain a joint written instruction from the Interested Parties regarding the investment of the Escrow Funds, the Escrow Agent shall have the right to invest the Escrow Funds in any money market fund operated by the Escrow Agent or its affiliates. Any investment income, interest, dividends, capital gains and other amounts earned or realized on the Escrow Funds (collectively, the "**Earnings**") are to be reinvested in the account from which the income interest, dividends, capital gains and other amounts was earned until disbursed in accordance with **Section 4**. Any loss or expense incurred as a result of an investment will be borne by the Escrow Funds.

SECTION 4. ESCROW AGENT'S RIGHTS, DUTIES, RESPONSIBILITIES AND PROTECTIONS.

4.1 The Escrow Agent has been induced to accept its duties under this Escrow Agreement by the following terms and conditions:

(a) Each Interested Party acknowledges and agrees that the Escrow Agent (i) shall not be responsible for the Parties' Agreement or any other agreements referred to, related to or described therein or herein, or for determining or compelling compliance therewith, and shall not otherwise be bound thereby, (ii) shall be obligated only for the performance of such duties as are expressly and specifically set forth in this Escrow Agreement on its part to be performed, each of which is ministerial and shall not be construed to be fiduciary in nature, and no implied duties or obligations of any kind shall be read into this Escrow Agreement against or on the part of the Escrow Agent, (iii) shall not be obligated to take any legal or other action hereunder which might in its sole judgment involve or cause it to incur any expense or liability unless it shall have been furnished with acceptable indemnification, (iv) may rely on and shall be protected in acting or refraining from acting upon any written notice, instruction (including, without limitation, wire transfer instructions, whether incorporated herein or provided in a separate written instruction), instrument, statement, certificate, request or other document furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper person, and shall have no responsibility or duty to make inquiry as to or to determine the genuineness, accuracy or validity thereof (or any signature appearing thereon), or of the authority of the person signing or presenting the same, and (v) may consult counsel satisfactory to it, including in-house counsel, and the opinion or advice of such counsel in any instance shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion or advice of such counsel.

(b) The Escrow Agent shall not be liable to anyone for any action taken or omitted to be taken by it hereunder except in the case of the Escrow Agent's gross negligence or willful misconduct in breach of the express terms of this Escrow Agreement. In no event shall the Escrow Agent be liable for indirect, punitive, special or consequential damage or loss (including but not limited to lost profits) whatsoever, even if the Escrow Agent has been informed of the likelihood of such loss or damage and regardless of the form of action.

(c) The Escrow Agent shall have no more or less responsibility or liability on account of any action or omission of any book-entry depository, securities intermediary or any other agent employed by the Escrow Agent than any such book-entry depository, securities intermediary or other agent has to the Escrow Agent, except to the extent that such action or omission of any book-entry depository, securities intermediary or other agent was caused by the Escrow Agent's own gross negligence or willful misconduct in breach of this Escrow Agreement.

(d) The Escrow Agent is hereby authorized, in making or disposing of any investment under this Escrow Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as a subagent of the Escrow Agent or for any third person or dealing as principal for its own account.

(e) Notwithstanding any term appearing in this Escrow Agreement to the contrary, in no instance shall the Escrow Agent be required or obligated to make any distribution (or take other action that may be called for hereunder to be taken by the Escrow Agent) sooner than two Business Days after (i) it has received the applicable documents required under this Escrow Agreement in good form, or (ii) passage of the applicable time period (or both, as applicable under the terms of this Escrow Agreement), as the case may be. For all purposes of this Escrow Agreement a "**Business Day**" is a day the Escrow Agent is open for business.

(f) All deposits and payments hereunder shall be in U.S. dollars.

(g) Escrow Agent shall make distributions from the Escrow Funds only as directed in writing by both Party A and Party B jointly.

SECTION 5. COMPENSATION, EXPENSE REIMBURSEMENT INDEMNIFICATION AND LIEN.

(a) The Interested Parties hereby agree to share equal responsibility for payment of the Escrow Agent's fees and expenses hereunder. Notwithstanding the foregoing, each of the Interested Parties agrees, jointly and severally (i) to pay or reimburse the Escrow Agent for its attorney's fees and expenses incurred in connection with the administration of this Escrow Agreement and (ii) to pay the Escrow Agent's compensation for its normal services hereunder in accordance with the fee schedule attached hereto as Exhibit A and made a part hereof, which may be subject to change hereafter by the Escrow Agent on an annual basis.

(b) Each of the Interested Parties agrees, jointly and severally, to reimburse the Escrow Agent on demand for all costs and expenses incurred in connection with the administration of this Escrow Agreement or the escrow created hereby or the performance or observance of its duties hereunder which are in excess of its compensation for normal services hereunder, including without limitation, payment of any legal fees and expenses incurred by the Escrow Agent in connection with resolution of any claim by any party hereunder or any other person.

(c) Each of the Interested Parties covenants and agrees, jointly and severally, to indemnify the Escrow Agent (and its directors, officers and employees) and hold it (and such directors, officers and employees) harmless from and against any loss, liability, damage, cost and expense of any nature incurred by the Escrow Agent arising out of or in connection with this Escrow Agreement or with the administration of its duties hereunder, including but not limited to reasonable attorney's fees, tax liabilities (other than income tax liabilities associated with the Escrow Agent's fees), any liabilities or damages that may result from any inaccuracy or misrepresentation made in any tax certification provided to the Escrow Agent or filed by either Interested Party, and other costs and expenses of defending or preparing to defend against any claim of liability unless and except to the extent such loss, liability, damage, cost and expense shall be caused by the Escrow Agent's gross negligence, or willful misconduct. The foregoing indemnification and agreement to hold harmless shall survive the termination of this Escrow Agreement.

(d) Notwithstanding anything herein to the contrary, the Escrow Agent shall have and is hereby granted a possessory, first priority lien on and security interest in the Escrow Funds, and all proceeds thereof, to secure payment of all amounts owing to it from time to time hereunder, whether now existing or hereafter arising. The Escrow Agent shall have the right to deduct from the Escrow Funds, and proceeds thereof, any such amounts so owing to it, upon one Business Day's notice to the Interested Parties of its intent to do so.

SECTION 6. RESIGNATION.

The Escrow Agent may at any time resign as Escrow Agent hereunder by giving 30 days' prior written notice of resignation to the Interested Parties. Prior to the effective date of the resignation as specified in such notice, the Interested Parties shall agree on a mutually acceptable successor to the Escrow Agent. If no successor escrow agent is named as above provided, the Escrow Agent may apply to a court of competent jurisdiction for appointment of a successor escrow agent.

SECTION 7. DISPUTE RESOLUTION.

It is understood and agreed that, should any dispute arise with respect to the delivery, distribution ownership, right of possession, and/or disposition of the Escrow Funds, or should any claim be made upon the Escrow Agent or the Escrow Funds by a third party, the Escrow Agent upon receipt of notice of such dispute or claim is authorized and shall be entitled (at its sole option and election) to retain in its possession without liability to anyone, all or any of the Escrow Funds until such dispute shall have been settled either by the mutual written agreement of the parties involved or by a final order, decree or judgment of a court in the United States of America, the time for perfection of an appeal of such order, decree or judgment having expired. The Escrow Agent may, but shall be under no duty whatsoever to, institute or defend any legal proceedings which relate to the Escrow Funds.

SECTION 8. CONSENT TO JURISDICTION AND SERVICE.

Each of the Interested Parties hereby absolutely and irrevocably consents and submits to the jurisdiction of the courts in the State of Ohio and of any Federal court located in said state in connection with any actions or proceedings brought by them against the Escrow Agent or brought against the Interested Parties (or any of them) by the Escrow Agent arising out of or relating to this Escrow Agreement. In any such action or proceeding, the Interested Parties each hereby absolutely and irrevocably (i) waives any objection to jurisdiction or venue, (ii) waives personal service of any summons, complaint, declaration or other process, and (iii) agrees that the service thereof may be made by certified or registered first-class mail directed to such party, as the case may be, at their respective addresses in accordance with this Escrow Agreement.

SECTION 9. WAIVER OF JURY TRIAL.

THE ESCROW AGENT AND THE INTERESTED PARTIES HEREBY WAIVE A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING IN ANY ACTION OR PROCEEDING BETWEEN THEM OR THEIR SUCCESSORS OR ASSIGNS, UNDER OR IN CONNECTION WITH THIS ESCROW AGREEMENT OR ANY OF ITS PROVISIONS OR ANY NEGOTIATIONS IN CONNECTION HEREWITH.

SECTION 10. FORCE MAJEURE.

The Escrow Agent shall not be responsible for delays or failures in performance resulting from acts beyond its control. Such acts shall include but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations superimposed after the fact, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters.

SECTION 11. NOTICES: WIRING INSTRUCTIONS.

(a) Notice Addresses. Any notice permitted or required hereunder shall be in writing, and shall be sent (i) by personal delivery, overnight delivery by a recognized courier or delivery service, or (ii) mailed by registered or certified mail, return receipt requested, postage prepaid in each case to the parties at their address set forth below (or to such other address as any such party may hereafter designate by written notice to the other parties).

If to Escrow Agent:

KeyBank National Association
100 Public Square, 9th Floor
Attention: Lee Ann Habinak
Fax: 800-642-5089
Email: lee_ann_habinak@keybank.com

If to Party A:

Ultralife Corporation
2000 Technology Parkway
Newark, New York 14513
Attention: Philip A. Fain, Chief Financial Officer and Treasurer
(315) 210-6110
pfain@ulbi.com

If to Party B:

Southwest Electronic Medical Research Institute
PO Box 848
Stafford TX 77497-0848
Attention: Claude Leonard Benckenstein
[redacted]

Notwithstanding the foregoing, notices addressed to the Escrow Agent shall be effective only upon receipt. If any notice or document is required to be delivered to the Escrow Agent and any other person, the Escrow Agent may assume without inquiry that each notice or document was received by such other person when it is received by the Escrow Agent.

(b) Wiring Instructions. Any funds to be paid to or by the Escrow Agent hereunder shall be sent by wire transfer pursuant to the following instructions (or by such method of payment and pursuant to such instruction as may have been given in advance and in writing to or by the Escrow Agent, as the case may be, in accordance with this Escrow Agreement):

If to Party A:

Bank: *[name, city, state]*
ABA #: _____
Acct. #: _____
Attn:_____
Ref:_____

If to Party B:

Bank: *[name, city, state]*
ABA #:_____
Acct. #:_____
Attn:_____
Ref:_____

If to the Escrow Agent:

Bank: KeyBank NA
ABA : [redacted]
Account Name: [redacted]
Attn: Account Number: [redacted]
FCC: [redacted]

SECTION 12. MISCELLANEOUS.

a) Binding Effect; Successors. This Escrow Agreement shall be binding upon the respective parties hereto and their heirs, executors, successors and assigns. If the Escrow Agent consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business (including the escrow contemplated by this Escrow Agreement) to, another corporation, the successor corporation without any further act shall be the successor Escrow Agent.

b) Modifications. This Escrow Agreement may not be altered or modified without the express written consent of the parties hereto. No course of conduct shall constitute a waiver of any of the terms and conditions of this Escrow Agreement, unless such waiver is specified in writing, and then only to the extent so specified. A waiver of any of the terms and conditions of this Escrow Agreement on one occasion shall not constitute a waiver of the other terms of this Escrow Agreement, or of such terms and conditions on any other occasion. Notwithstanding any other provision hereof, consent to an alteration or modification of this Escrow Agreement may not be signed by means of an e-mail address.

c) Governing Law. THIS ESCROW AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF OHIO.

d) Reproduction of Documents. This Escrow Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications which may hereafter be executed, and (b) certificates and other information previously or hereafter furnished, may be reproduced by any photographic, photostatic, microfilm, optical disk, micro-card, miniature photographic or other similar process. The parties agree that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made by a party in the regular course of business, and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

e) Counterparts and Facsimile Execution. This Escrow Agreement may be executed in several counterparts, each of which shall be deemed to be one and the same instrument. The exchange of copies of this Escrow Agreement and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Escrow Agreement as to the parties and may be used in lieu of the original Escrow Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for all purposes.

(f) Customer Identification Program. Each of the Interested Parties acknowledge receipt of the notice set forth on Exhibit B attached hereto and made part hereof and that information may be requested to verify their identities.

(g) Tax Matters. Party A shall be treated as the owner of the Escrow Funds for all tax purposes unless and until all or any portion of the Escrow Funds is disbursed to Party B pursuant to the terms of this Escrow Agreement and the Parties' Agreement. All interest or other income earned by the Escrow Funds shall be allocated to Party A to the extent permitted by applicable law and reported, by the Escrow Agent to the Internal Revenue Service, or any other taxing authority, on IRS Form 1099 (or other appropriate form) as income earned from the Escrow Funds by Party A, whether or not such income has been distributed during such year. All other tax reporting (Federal, State, local or otherwise) associated with or arising from the administration or investment of the Escrow Funds shall be the responsibility of Party A.

(h) Severability. Any provision of this Escrow Agreement that is determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions hereof, and its prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable the same provision in any other jurisdiction. It is expressly understood, however, that the parties hereto intend every provision of this Escrow Agreement to be valid and enforceable and hereby knowingly waive all rights to object to any provision of this Escrow Agreement.

[Signature Page to Follow]

IN WITNESS WHEREOF, each of the parties has caused this Escrow Agreement to be duly executed and delivered in its name and on its behalf as of the 1st day of May, 2019.

Party A

ULTRALIFE CORPORATION

By: /s/ Philip A. Fain
Name: Philip A. Fain
Title: Chief Financial Officer and Treasurer

Party B

SOUTHWEST ELECTRONIC ENERGY
MEDICAL RESEARCH INSTITUTE

By: /s/ Claude Leonard Benckenstein
Name: Claude Leonard Benckenstein
Title: Chairman

Escrow Agent

KEYBANK NATIONAL ASSOCIATION

By: /s/ Lee Ann Habinak
Name: Lee Ann Habinak
Title: Vice President

EXHIBIT C

GENERAL RELEASE

This GENERAL RELEASE, effective as of the date of execution (this "General Release"), by SOUTHWEST ELECTRONIC ENERGY MEDICAL RESEARCH INSTITUTE (the "Seller") and CLAUDE LEONARD BENCKENSTEIN, JR. (together with the Seller, the "Seller Parties") in favor of the Released Party (as defined below) is delivered pursuant to the Closing under that certain Stock Purchase Agreement dated as of May 1, 2019 (the "Purchase Agreement"), by and among SOUTHWEST ELECTRONIC ENERGY CORPORATION, a Texas corporation (the "Company"), the Seller Parties, and ULTRALIFE CORPORATION, a Delaware corporation ("Ultralife").

WHEREAS, the consummation of the transactions contemplated by the Purchase Agreement is conditioned upon the execution of this General Release.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Effective as of the Closing, each of the Seller Parties, for themselves and, as applicable, on behalf of their respective owners, members, managers, officers, successors, assigns, heirs, beneficiaries and indirect and direct affiliates (which shall include, for the avoidance of doubt, Benckenstein Partners Ltd., CLB Inc., and the Southwest Electronic Energy Profits Plan) (collectively, the "Releasing Parties"), hereby fully and finally releases, acquits and forever discharges Ultralife and each of its officers, directors, managers, owners, members, representatives, employees, agents, affiliates, subsidiaries, predecessors, successors, assigns, beneficiaries, heirs, executors and personal representatives of the foregoing (collectively, the "Released Party"), from any and all actions, causes of action (whether class, derivative or individual in nature, for indemnity or otherwise), suits, debts, claims, counterclaims, demands, liens, commitments, contracts, agreements, promises, liabilities, demands, damages, losses, costs, expenses and compensation of any kind or nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, past, present or future, in law or in equity (each a "Claim" and collectively the "Claims"), which the Releasing Parties had, have or may have had at any time to the date of this General Release against the Released Party to the extent relating to the Releasing Parties' current or previous ownership of the Purchased Shares (as defined in the Purchase Agreement) and/or or any other current or previous ownership interest in the Company; *provided*, *that*, this General Release shall not constitute a waiver of any (a) Claims enforcing exculpatory or indemnification provisions set forth in the organizational documents of the Company or available under applicable Law (except with respect to Claims arising out of or in connection with a breach of the Purchase Agreement or any agreement, document, schedule, instrument, or certificate contemplated by the Purchase Agreement by a Releasing Party in the Releasing Party's capacity as an officer or director) and (b) rights to full and complete payment for the Shares in accordance with the Purchase Agreement and other Claims and/or other rights under the Purchase Agreement or any agreement, document, schedule, instrument or certificate contemplated by the Purchase Agreement.

This General Release shall be construed under, and interpreted in accordance with, the laws of the State of Texas as they exist on the day this General Release is executed, without giving effect to the choice or conflicts of laws provisions thereof. The Releasing Parties acknowledge and agree that the Released Party is an intended third party beneficiary of this General Release, and that this General Release shall be binding upon the Releasing Parties and shall inure to the benefit of, and be enforceable by, the Released Party. Along with the Purchase Agreement or any agreement, document, schedule, instrument or certificate contemplated by the Purchase Agreement, this General Release constitutes the entire understanding and agreement with respect to the subject matter hereof. This General Release may not be modified or amended except in a writing signed by all of the Releasing Parties and the Released Party. All capitalized terms not otherwise defined herein shall be ascribed the meaning set forth in the Purchase Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of May 1, 2019.

RELEASING PARTIES:

SOUTHWEST ELECTRONIC ENERGY MEDICAL RESEARCH INSTITUTE

By: /s/ Claude Leonard Benckenstein
Name: Claude Leonard Benckenstein
Title: Chairman

/s/ Claude Leonard Benckenstein
Claude Leonard Benckenstein

ACKNOWLEDGED AND AGREED:

ULTRALIFE CORPORATION

By: /s/ Philip A. Fain
Name: Philip A. Fain
Title: Chief Financial Officer & Treasurer

EXHIBIT D

NON-COMPETITION, NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT

This NON-COMPETITION, NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT (this "Agreement") is made the 1st day of May, 2019, by and between SOUTHWEST ELECTRONIC ENERGY MEDICAL RESEARCH INSTITUTE ("SWEMRI") and SOUTHWEST ELECTRONIC ENERGY CORPORATION, a Texas corporation (the "Company").

W I T N E S S E T H:

WHEREAS, SWEMRI hereby understands, acknowledges, and agrees that the Company is engaged in the operation of developing and supplying advanced battery solutions, including battery packs, battery chargers, and electro-magnetic assemblies (the "Business") and that the Company is conducting the Business throughout North America (the "Territory"); and

WHEREAS, prior to March 28, 2019, Claude Leonard Benckenstein, Jr. ("Benckenstein") was the sole owner of the Company;

WHEREAS, Benckenstein elected to voluntarily transfer all of his interests in the Company to SWEMRI on March 28, 2019; and

WHEREAS, SWEMRI, as a result of Benckenstein's transfer of ownership of the Company, will receive significant consideration in connection with the closing of the transactions contemplated by that certain Stock Purchase Agreement (the "Purchase Agreement"), dated as of May 1, 2019, between the Company, SWEMRI, Benckenstein and Ultralife Corporation, a Delaware corporation (the "Purchaser"); and

WHEREAS, as a current and/or recent owner of the Company, each of SWEMRI and Benckenstein have obtained extensive and valuable knowledge, technical expertise, and confidential and proprietary information and data concerning the Business; and

WHEREAS, SWEMRI's entry into this Agreement is essential to preserve the value of the Company, the Business, and the assets and properties being acquired by the Purchaser in connection with the transactions contemplated by the Purchase Agreement.

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Restrictive Covenants. During the period beginning on the date of the Purchase Agreement and ending on the fifth anniversary of the Closing Date (the "Term"), SWEMRI shall not, anywhere in the Territory, for itself or through or on behalf of any other Person (other than the Company), whether as a partner, consultant, advisor, creditor, or otherwise:

(a) engage in, participate in, or acquire any financial or beneficial interest in (which, for the avoidance of doubt, will include employment with or engagement as an independent contractor for) any Competitive Business; provided, however, that nothing in this Agreement or the Purchase Agreement shall prevent SWEMRI from owning as a passive investment less than 2% of the issued and outstanding shares of the capital stock (or other equity ownership interests) of a publicly-held company if SWEMRI is not otherwise associated directly or indirectly with such company or any affiliate of such company;

(b) encourage, induce, attempt to induce, solicit, or attempt to solicit any individual who is an employee of the Company as of the date hereof, or becomes an employee of the Company at any time during the Term (each, a "Specified Employee") to leave his or her employment with the Company (it being understood and agreed that the placement of general advertisements that are not targeted directly or indirectly towards a Specified Employee shall not be deemed to be a breach of this Agreement);

(c) hire or attempt to hire any Specified Employee;

(d) *provided however*, that nothing in this Agreement shall prohibit or prevent SWEMRI from soliciting and/or employing Pamela Daniel; or

(e) encourage, induce, attempt to induce, solicit, or attempt to solicit any customer, distributor, vendor, marketer, or sponsor of the Company to cease or materially negatively alter its customer, distributor, vendor, marketer, or sponsor relationship with the Company, as the case may be, with respect to the Business.

2. Confidentiality. Until the fifth anniversary of the Closing Date, SWEMRI agrees that, without the prior written consent of the Purchaser, (i) it shall keep confidential all confidential, non-public or proprietary information and materials regarding the Purchaser, the Company and their respective Affiliates (except to the extent that: (a) disclosure of such information is required by applicable law, (b) such information becomes available to SWEMRI after the Closing Date from a source (which is not known by SWEMRI to have made the disclosure in violation of any confidentiality obligations), or (c) such information becomes publicly known except through the actions or inactions of SWEMRI in violation of this Agreement); (ii) it shall take reasonable and appropriate steps to safeguard such information and to protect it against disclosure, misuse, espionage, loss and theft, in each case at the Purchaser's or the Company' expense; and (iii) in the event that SWEMRI is required by (or requested by a Governmental Authority with competent jurisdiction under) applicable law to disclose any such information, SWEMRI shall, to the extent permitted by applicable law, promptly notify the Purchaser in writing, which notification shall include the nature of the legal requirement or request and the extent of the required disclosure, and shall reasonably cooperate with the Purchaser, at the Purchaser's sole cost and expense, to preserve the confidentiality of such information consistent with applicable law.

3. Acknowledgement by SWEMRI. SWEMRI acknowledges and agrees that the restrictions, covenants and limitations set forth in Sections 1 and 2 above are reasonable and properly required for the adequate protection of the business and affairs of the Company and the Purchaser.

4. Partial Invalidity; Severability. In the event that any court of competent jurisdiction determines that any of the provisions of Sections 1 or 2 of this Agreement are void and unenforceable, such court shall have the right, and is authorized by SWEMRI, to modify such terms or provisions so as to render the remaining or modified terms or provisions of Sections 1 or 2 valid and enforceable to the maximum extent possible and, as so modified, to enforce this Agreement in accordance with its terms. If any provision in Sections 1 or 2 of this Agreement shall be held to be excessively broad, it should be limited to the extent necessary to comply with applicable law. If any provision of this Agreement shall, notwithstanding the preceding sentence, be held to be unenforceable, such unenforceability shall not affect or render invalid any other provision of this Agreement.

5. Return of Confidential Information. Upon the closing of the Purchase Agreement, all documents, records, notebooks, computer or electronic files, tapes and repositories containing or reflecting any Confidential Information in SWEMRI's possession or control, whether prepared by SWEMRI or others, shall be promptly delivered to the Company.

6. Injunctive Relief. SWEMRI acknowledges and agrees that any breach by SWEMRI of this Agreement will result in irreparable damage and harm to the Company for which there would be no adequate remedy at law. In the event of any breach or attempted or threatened breach of this Agreement by SWEMRI, the Company shall be entitled to an injunction or other equitable relief to enjoin SWEMRI from further breaches or attempted or threatened breaches, and SWEMRI waives any requirement that any bond be obtained or posted in connection therewith. The right of the Company to obtain such equitable relief shall be in addition to any other remedies available to the Company under law (including, without limitation, monetary damages).

7. Miscellaneous.

7.1 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior agreements, understandings and commitments with respect thereto, whether oral or written. No course of prior dealings or future dealings between the parties and no usage of trade shall be relevant or admissible to supplement, explain or vary any of the provisions of this Agreement.

7.2 Amendments. This Agreement may not be amended or terminated or any performance or condition waived in whole or in part except by a writing signed by the party against whom enforcement of the amendment, termination or waiver is sought.

7.3 Assignment. This Agreement shall be binding upon and inure to the benefit of the legal representatives, successors and assigns of the parties hereto (provided, however, that SWEMRI shall not have the right to assign this Agreement or its obligations hereunder).

7.4 Captions. The captions used in this Agreement are solely for convenience of reference and shall not be considered in the construction or interpretation of any term or provision hereof.

7.5 Defined Terms. All capitalized terms used in this Agreement but not otherwise defined herein are given the meanings set forth in the Purchase Agreement.

7.6 Expenses. The prevailing party in any litigation arising in connection with this Agreement shall be entitled to recover all of its out-of-pocket expenses incurred in connection with such litigation, including, without limitation, reasonable attorneys' fees from the other party.

7.7 Beneficiaries. This Agreement is intended to benefit the Purchaser and its Affiliates and this Agreement may be enforced by any or each of them as if it were a party hereto.

7.8 Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to principles of conflicts of laws.

7.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Delivery of an executed counterpart signature page of the Agreement by facsimile, .pdf or other electronic imaging means will be effective as delivery of a manually executed counterpart of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

COMPANY:

SOUTHWEST ELECTRONIC ENERGY CORPORATION

By: /s/ Linda S. Saunders
Name: Linda S. Saunders
Title: Vice President of Finance

SOUTHWEST ELECTRONIC ENERGY
MEDICAL RESEARCH INSTITUTE

By: /s/ Claude Leonard Benckenstein
Name: Claude Leonard Benckenstein
Title: Chairman

NON-COMPETITION, NON-SOLICITATION AND
CONFIDENTIALITY AGREEMENT

This NON-COMPETITION, NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT (this "Agreement") is made the 1st day of May, 2019, by and between CLAUDE LEONARD BENCKENSTEIN, ("Benckenstein") and SOUTHWEST ELECTRONIC ENERGY CORPORATION, a Texas corporation (the "Company").

W I T N E S S E T H:

WHEREAS, Benckenstein hereby understands, acknowledges, and agrees that the Company is engaged in the operation of developing and supplying advanced battery solutions, including battery packs, battery chargers, and electro-magnetic assemblies (the "Business") and that the Company is conducting the Business throughout North America (the "Territory"); and

WHEREAS, prior to March 28, 2019, Claude Leonard Benckenstein, Jr. ("Benckenstein") was the sole owner of the Company;

WHEREAS, Benckenstein elected to voluntarily transfer all of his interests in the Company to SWEMRI on March 28, 2019;

WHEREAS, SWEMRI, as a result of Benckenstein's transfer of ownership of the Company, will receive significant consideration in connection with the closing of the transactions contemplated by that certain Stock Purchase Agreement (the "Purchase Agreement"), dated as of May 1, 2019, between the Company, SWEMRI, Benckenstein and Ultralife Corporation, a Delaware corporation (the "Purchaser"); and

WHEREAS, as a current and/or recent owner of the Company, each of SWEMRI and Benckenstein have obtained extensive and valuable knowledge, technical expertise, and confidential and proprietary information and data concerning the Business; and

WHEREAS, Benckenstein's entry into this Agreement is essential to preserve the value of the Company, the Business, and the assets and properties being acquired by the Purchaser in connection with the transactions contemplated by the Purchase Agreement.

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

8. Restrictive Covenants. During the period beginning on the date of the Purchase Agreement and ending on the fifth anniversary of the Closing Date (the "Term"), Benckenstein shall not, anywhere in the Territory, for himself or through or on behalf of any other Person (other than the Company), whether as an officer, director, employee, seller, partner, consultant, advisor, creditor, or otherwise:

a. engage in, participate in, or acquire any financial or beneficial interest in (which, for the avoidance of doubt, will include employment with or engagement as an independent contractor for) any Competitive Business; provided, however, that nothing in this Agreement or the Purchase Agreement shall prevent Benckenstein from owning as a passive investment less than 2% of the issued and outstanding shares of the capital stock (or other equity ownership interests) of a publicly-held company if Benckenstein is not otherwise associated directly or indirectly with such company or any affiliate of such company;

b. encourage, induce, attempt to induce, solicit, or attempt to solicit any individual who is an employee of the Company as of the date hereof, or becomes an employee of the Company at any time during the Term (each, a "Specified Employee") to leave his or her employment with the Company (it being understood and agreed that the placement of general advertisements that are not targeted directly or indirectly towards a Specified Employee shall not be deemed to be a breach of this Agreement);

c. hire or attempt to hire any Specified Employee;

d. *provided however*, that nothing in this Agreement shall prohibit or prevent SWEMRI from soliciting and/or employing Pamela Daniel; or

e. encourage, induce, attempt to induce, solicit, or attempt to solicit any customer, distributor, vendor, marketer, or sponsor of the Company to cease or materially negatively alter its customer, distributor, vendor, marketer, or sponsor relationship with the Company, as the case may be, with respect to the Business.

9. Confidentiality. Until the fifth anniversary of the Closing Date, Benckenstein agrees that, without the prior written consent of the Purchaser, (i) he shall keep confidential all confidential, non-public or proprietary information and materials regarding the Purchaser, the Company and their respective Affiliates (except to the extent that: (a) disclosure of such information is required by applicable law, (b) such information becomes available to Benckenstein after the Closing Date from a source (which is not known by Benckenstein to have made the disclosure in violation of any confidentiality obligations), or (c) such information becomes publicly known except through the actions or inactions of Benckenstein in violation of this Agreement); (ii) he shall take reasonable and appropriate steps to safeguard such information and to protect it against disclosure, misuse, espionage, loss and theft, in each case at the Purchaser's or the Company' expense; and (iii) in the event that Benckenstein is required by (or requested by a Governmental Authority with competent jurisdiction under) applicable law to disclose any such information, Benckenstein shall, to the extent permitted by applicable law, promptly notify the Purchaser in writing, which notification shall include the nature of the legal requirement or request and the extent of the required disclosure, and shall reasonably cooperate with the Purchaser, at the Purchaser's sole cost and expense, to preserve the confidentiality of such information consistent with applicable law.

10. Acknowledgement by Benckenstein. Benckenstein acknowledges and agrees that the restrictions, covenants and limitations set forth in Sections 1 and 2 above are reasonable and properly required for the adequate protection of the business and affairs of the Company and the Purchaser.

11. Partial Invalidity; Severability. In the event that any court of competent jurisdiction determines that any of the provisions of Sections 1 or 2 of this Agreement are void and unenforceable, such court shall have the right, and is authorized by Benckenstein, to modify such terms or provisions so as to render the remaining or modified terms or provisions of Sections 1 or 2 valid and enforceable to the maximum extent possible and, as so modified, to enforce this Agreement in accordance with its terms. If any provision in Sections 1 or 2 of this Agreement shall be held to be excessively broad, it should be limited to the extent necessary to comply with applicable law. If any provision of this Agreement shall, notwithstanding the preceding sentence, be held to be unenforceable, such unenforceability shall not affect or render invalid any other provision of this Agreement.

12. Return of Confidential Information. Upon the closing of the Purchase Agreement, all documents, records, notebooks, computer or electronic files, tapes and repositories containing or reflecting any Confidential Information in Benckenstein's possession or control, whether prepared by Benckenstein or others, shall be promptly delivered to the Company.

13. Injunctive Relief. Benckenstein acknowledges and agrees that any breach by Benckenstein of this Agreement will result in irreparable damage and harm to the Company for which there would be no adequate remedy at law. In the event of any breach or attempted or threatened breach of this Agreement by Benckenstein, the Company shall be entitled to an injunction or other equitable relief to enjoin Benckenstein from further breaches or attempted or threatened breaches, and Benckenstein waives any requirement that any bond be obtained or posted in connection therewith. The right of the Company to obtain such equitable relief shall be in addition to any other remedies available to the Company under law (including, without limitation, monetary damages).

14. Miscellaneous.

14.1 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior agreements, understandings and commitments with respect thereto, whether oral or written. No course of prior dealings or future dealings between the parties and no usage of trade shall be relevant or admissible to supplement, explain or vary any of the provisions of this Agreement.

14.2 Amendments. This Agreement may not be amended or terminated or any performance or condition waived in whole or in part except by a writing signed by the party against whom enforcement of the amendment, termination or waiver is sought.

14.3 Assignment. This Agreement shall be binding upon and inure to the benefit of the legal representatives, successors and assigns of the parties hereto (provided, however, that Benckenstein shall not have the right to assign this Agreement or his obligations hereunder).

14.4 Captions. The captions used in this Agreement are solely for convenience of reference and shall not be considered in the construction or interpretation of any term or provision hereof.

14.5 Defined Terms. All capitalized terms used in this Agreement but not otherwise defined herein are given the meanings set forth in the Purchase Agreement.

14.6 Expenses. The prevailing party in any litigation arising in connection with this Agreement shall be entitled to recover all of its out-of-pocket expenses incurred in connection with such litigation, including, without limitation, reasonable attorneys' fees from the other party.

14.7 Beneficiaries. This Agreement is intended to benefit the Purchaser and its Affiliates and this Agreement may be enforced by any or each of them as if it were a party hereto.

14.8 Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to principles of conflicts of laws.

14.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Delivery of an executed counterpart signature page of the Agreement by facsimile, .pdf or other electronic imaging means will be effective as delivery of a manually executed counterpart of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

COMPANY:

SOUTHWEST ELECTRONIC ENERGY CORPORATION

By: /s/ Linda S. Saunders
Name: Linda S. Saunders
Title: Vice President of Finance

BENCKENSTEIN:

/s/ Claude Leonard Benckenstein
Claude Leonard Benckenstein

Omitted Exhibits and Schedules Disclosure List

The following list briefly identifies the contents of the Exhibits and Schedules to the foregoing Stock Purchase Agreement which have been omitted pursuant to Item 601(b)(2) of Regulation S-K.

The Registrant agrees to furnish to the Securities and Exchange Commission, to supplement and upon request, a copy of any of the following omitted Exhibits and Schedules.

Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms by the foregoing Stock Purchase Agreement.

1. *Schedule 3.2 – Contains two contracts to which the Company is a party that will result in a default of the Company's obligations thereunder due to the Transaction.*

2. *Schedule 3.3 – Contains a statement regarding the validity of the Company's repurchase of its common stock which are now held as treasury stock.*

3. *Schedule 3.4 – Contains the name of a Subsidiary of the Company.*

4. *Schedule 3.5(a) – Contains consolidated financial statements of the Company as of March 31st of the years 2016, 2017, 2018, 2019, and December 31, 2018.*

5. *Schedule 3.6 – Contains a statement that the Company has no undisclosed material liabilities.*

6. *Schedule 3.7 – Contains a statement that the Company has no Indebtedness outstanding.*

7. *Schedule 3.8 – Contains a statement regarding the expiration of a material contract to which the Company is a party and currently negotiating renewal.*

8. *Schedule 3.9 – Contains a list of any pending and threatened Legal Proceeding against the Company.*

9. *Schedule 3.11 – Contains a list of all personal property of the Company necessary for its operations with a value of at least Twenty-Five Thousand Dollars ($25,000).*

10. *Schedule 3.12 – Contains a list of all Company Intellectual Property including all registered patents and trademarks.*

11. *Schedule 3.13 – Contains a list of: (i) contracts and supply agreements in excess of Twenty-Five Thousand Dollars ($25,000) annually which are not cancellable by the Company without penalty on less than thirty (30) days' notice; (ii) contracts of the Company involving fixed pricing or fixed volume arrangements; (iii) acquisition, merger, or similar agreements; (iv) contracts with any Governmental Authority; (v) contracts providing for indemnification of any person by the Company (excluding customer and vendor contracts entered into in the ordinary course of business); and, (vi) contracts entered into in connection with the resolution of any action pursuant to which the Company has any ongoing payment obligation.*

12. *Schedule 3.14(a) – Contains a statement regarding a storm water general permit that the Company must obtain.*

13. *Schedule 3.15 – Contains a list of all insurance policies of the Company currently in effect.*

14. *Schedule 3.16 – Contains a list of all Employee Benefit Plans.*

15. *Schedule 3.17(b) – Contains a statement that there are no Legal Proceedings pending against the Company by any Governmental Authority in connection with the employment of any current or former employee.*

16. *Schedule 3.17(d) – Contains a list of officers of the Company who presently intend to terminate their employment.*

17. *Schedule 3.19 – Contains a list of any Affiliate of the Company that is currently a party to a contract with the Company.*

18. *Schedule 3.20(b) – Contains a list of Environmental Permits in which the Company is in material compliance for the ownership and operation of its business.*

19. *Schedule 3.20(d) – Contains a statement regarding environmental conditions identified.*

20. *Schedule 3.20(e) – Contains a list of all off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by the Company.*

21. *Schedule 3.22 – Contains a list of top ten (10) suppliers from whom the Company makes annual purchases exceeding Twenty-Five Thousand Dollars ($25,000) for the calendar year ended December 31, 2018 or reasonably expected to exceed such amount for the fiscal year ended December 31, 2019.*

22. *Schedule 3.23 – Contains a list of any potential liability arising out of any injury to individuals or property as a result of Inventory sold by the Company.*

23. *Schedule 3.24(a) – Contains a list of all real property owned by the Company and/or its Subsidiaries.*

24. *Schedule 4.1 – Contains a statement regarding the Seller's full right, authority and power to enter into this Stock Purchase Agreement.*

25. *Schedule 4.2 – Contains a statement regarding the Seller as sole record and beneficial owner of the Shares.*

26. *Schedule 6.7(d) – Contains a statement regarding the consent of the Company to the assignment of certain lease agreements post-closing.*

27. *Exhibit 3.11 – Contains a list of equipment leased by the Company.*

28. *Exhibit 3.12 – Contains a list of domain names of the Company.*

29. *Exhibit 6.7(d) – Contains a list of lease agreements to be assigned by the Company post-closing.*

30. *Exhibit A – Contains the calculation of estimated Working Capital used in the determination of the Closing Net Purchase Price.*

Certain exhibits and schedules to this First Amendment Agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. For a brief description of the contents of these omitted exhibits and schedules, refer to Omitted Exhibits and Schedules Disclosure List included as part of this Exhibit 10.1. The Company hereby undertakes to furnish supplementally a copy of any omitted exhibit or schedule upon request to the U.S. Securities and Exchange Commission.

FIRST AMENDMENT AGREEMENT

This First Amendment Agreement (this "Agreement") is made and entered into as of this 1st day of May 2019, by and among ULTRALIFE CORPORATION, a Delaware corporation ("Existing Borrower"), SOUTHWEST ELECTRONIC ENERGY CORPORATION, a Texas corporation ("Southwest"), CLB, INC., a Texas corporation ("CLB" and together with Southwest, collectively, the "New Borrowers", and each individually a "New Borrower", and together with the Existing Borrower, collectively, the "Borrowers", and each individually a "Borrower"), the lending institutions currently a party to the Credit Agreement (as hereinafter defined) (each, a "Lender" and collectively, the "Lenders"), and KEYBANK NATIONAL ASSOCIATION ("KeyBank", and in its capacity as agent for the Lenders under the Credit Agreement, "Agent").

WHEREAS, Lenders, Agent, and the Existing Borrower are parties to a certain Credit and Security Agreement dated as of May 31, 2017 (as it may from time to time be further amended, restated or otherwise modified or supplemented, the "Credit Agreement").

WHEREAS, Lenders, Agent, and the Existing Borrower desire to amend the Credit Agreement by modifying certain provisions thereof, including, among other things, joining each of the New Borrowers as a Borrower under the Credit Agreement and other Loan Documents.

WHEREAS, unless defined herein, each term used herein shall be defined in accordance with the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein and for other valuable consideration Lenders, Agent, and Borrowers agree as follows:

1. Borrowers, Agent and the Lenders agree and acknowledge that all references in the Credit Agreement or each other Loan Document to the term "Borrowers" shall be deemed to include each of the New Borrowers as a co-borrower with the other Borrowers. The obligations, duties, undertakings and liabilities of the New Borrowers and the Existing Borrower as "Borrowers" under the Credit Agreement and each other Loan Document shall be joint and several and without limiting the generality of the foregoing, (x) each Borrower, including the New Borrowers, hereby specifically and expressly ratifies and reaffirms the provisions of Section 11.20 of the Credit Agreement and agrees that each of them shall be jointly and severally liable for the payment and performance of all Secured Debt and (y) each Borrower hereby specifically and expressly ratifies and reaffirms all of the provisions of Article XII of the Credit Agreement and its guaranty of the full and prompt payment and performance when due of the Secured Debt provided for thereunder, and agrees that its obligations, duties, undertakings and liabilities under such Article XII and such guaranty are unaffected by the joinder of each of the New Borrowers as a co-borrower with the other Borrowers under the Credit Agreement and the other Loan Documents.

2. Article I of the Credit Agreement is hereby amended to delete the definitions of "Aggregate Commitment Percentage", "Applicable Commitment Percentage", "Applicable Debt", "Change in Control", "Consolidated EBITDA", "Commitment", "Commitment Period", "Note" or "Notes", "Required Lenders", "Total Commitment Amount", "Total Funded Debt", and "Unfunded Capital Expenditures" therefrom in their entirety and to insert in place thereof the following:

"Aggregate Commitment Percentage" shall mean, for any Lender, as of any date, the percentage calculated by dividing (a) the aggregate, on such date, of (i) the Revolving Credit Commitments of such Lender, or if the Revolving Credit Commitments have expired or have been terminated or otherwise reduced to $0, then the amount outstanding under the Revolving Credit Notes of such Lender, plus (ii) the amount outstanding for such Lender under the Term Notes, by (b) the aggregate, on such date, of (i) the Revolving Credit Commitments of all Lenders, or if the Revolving Credit Commitments have expired or have been terminated or otherwise reduced to $0, then the amount outstanding under the Revolving Credit Notes of all Lenders, plus (ii) the amount outstanding for all Lenders under the Term Notes.

"Applicable Commitment Percentage" shall mean, for each Lender, (a) with respect to the Revolving Credit Commitment, the percentage set forth opposite such Lender's name under the column headed "Revolving Credit Commitment Percentage" as described in Schedule 1 hereto, and (b) with respect to the Term Loan Commitment, the percentage set forth opposite such Lender's name under the column headed "Term Loan Commitment Percentage" as described in Schedule 1 hereto.

"Applicable Debt" at any time shall mean:

(a) with respect to the Revolving Credit Commitment, collectively, (i) all Debt incurred by Borrowers to Agent or the Lenders pursuant to this Agreement and includes the principal of and accrued and unpaid interest on all Notes at such time, and (ii) each extension, renewal or refinancing thereof in whole or in part; and

(b) with respect to the Term Loan Commitment, collectively, (i) all Debt incurred by Borrowers to Agent or the Lenders pursuant to the Term Loan Commitment and includes the principal of, and accrued and unpaid interest on, the Term Notes at such time, and (ii) each extension, renewal or refinancing thereof in whole or in part hereunder, and (iii) any prepayment fees payable in connection with the Term Loan Commitment.

"Change in Control" shall mean: (a) with respect to any Person or group (within the meaning of the Exchange Act and the rules of the SEC thereunder as in effect on the Closing Date) holding in excess of ten percent (10%) of the voting Capital Stock of Ultralife as of the Closing Date (based upon Exchange Act filings of beneficial ownership with the SEC), the acquisition of ownership, directly or indirectly, beneficially or of record, by such Person or group, of Capital Stock of Ultralife representing more than 49% of the aggregate ordinary voting power represented by the issued and outstanding voting Capital Stock of Ultralife; (b) the acquisition of ownership, directly or indirectly, beneficially or of record, by any other Person or group (within the meaning of the Exchange Act and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof), of Capital Stock of Ultralife representing more than 25% of the aggregate ordinary voting power represented by the issued and outstanding voting Capital Stock of Ultralife; (c) occupation of a majority of the seats (other than vacant seats) on the board of directors of Borrower or any of its Subsidiaries by Persons who were neither (i) nominated by the board of directors of Ultralife or any of its Subsidiaries nor (ii) appointed by directors so nominated; (d) any merger, consolidation or sale of substantially all of the property or assets of Borrowers; (e) Ultralife ceasing to directly own and control 100% of each class of the outstanding Capital Stock of Southwest; or (f) Southwest ceasing to directly own and control 100% of each class of the outstanding Capital Stock of CLB.

"Consolidated EBITDA" shall mean, for any Person and for any period of determination, without duplication, such Person's Consolidated Net Income for such period increased, to the extent deducted in the calculation of Consolidated Net Income, by the sum of such Person's (i) Consolidated Interest Expense, plus (ii) Consolidated Income Tax Expense, plus (iii) Consolidated Depreciation and Amortization Expense, plus (iv) non-cash stock compensation expenses, plus (v) other one-time nonrecurring items or losses which are factually supported and are acceptable to Agent in its reasonable discretion, plus (vi) salary and bonus of Claude Leonard Benckenstein, minus (vii) extraordinary, unusual and one-time nonrecurring income or gains. For purposes of this definition, each reference to Person shall be deemed to include such Person and its Subsidiaries on a Consolidated basis.

"Commitment" shall mean the obligation hereunder of each Lender as set forth on Schedule 1, to make Loans pursuant to the Revolving Credit Commitment and the Term Loan Commitment, and to participate in the issuance of Letters of Credit up to the Maximum Amount for such Lender, as such amounts may be reduced or adjusted pursuant to the terms hereof.

"Commitment Period" shall mean the period from the Closing Date until May 31, 2022, or such earlier date on which the Commitment shall have been terminated pursuant to Article IX hereof.

"Letter of Credit Exposure" shall mean the sum of (a) the aggregate undrawn face amount of all issued and outstanding Letters of Credit, and (b) the aggregate of the draws made on Letters of Credit that have not been reimbursed by Borrowers or converted to a Revolving Loan pursuant to Section 2.1A hereof.

"Note" or "Notes" shall mean any Revolving Credit Note, any Term Note or any other note delivered pursuant to this Agreement, together with any replacement or substitution thereof, any addition or allonge thereto and any amendment, restatement or other modification thereto from time to time.

"Required Lenders" shall mean the holders of at least 51% of the Total Commitment Amount, or, if there is any borrowing hereunder, the holders of at least 51% of the aggregate of (a) the Revolving Credit Commitments and (b) the amount outstanding under the Term Notes; provided, however, that the unused Revolving Credit Commitment of, and the portion of the total outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders; provided further, however, that at any time there are fewer than three (3) Lenders hereunder, "Required Lenders" shall mean both such Lenders.

"Revolving Credit Note" shall mean any Revolving Credit Note executed and delivered pursuant to Section 2.1A hereof, together with any replacement or substitution thereof, any addition or allonge thereto and any amendment, restatement or other modification thereto from time to time.

"Revolving Loan" shall mean a Loan granted to Borrowers by the Lenders in accordance with Section 2.1A hereof.

"Total Commitment Amount" shall mean the Maximum Revolving Amount, plus the aggregate Term Loan Commitment of the Lenders.

"Total Funded Debt" shall mean Indebtedness of a Person of the type described in clauses (a), (b), (f), (g), (j) and (k) of the definition of "Indebtedness".

"Unfunded Capital Expenditures" shall mean Capital Expenditures made by any one or more of the Companies which Capital Expenditures are (i) made with Proceeds received in connection with any asset sale, equity issuance, debt issuance or from insurance proceeds in each case to the extent permitted hereunder, (ii) or otherwise unfinanced or financed with Revolving Loans; provided, however, that Unfunded Capital Expenditures shall not in any event be deemed to include any project specific Capital Expenditures approved by Agent in its reasonable discretion to the extent financed out of cash on the balance sheet or investments of Borrowers, including, without limitation, the Newark CR123A automation project up to $4,300,000.

3. Article I of the Credit Agreement is hereby amended to insert the following new definitions thereto in the appropriate alphabetical order:

"Aggregate Term Loan Commitment Percentage" shall mean, for any Term Loan Lender, as of any date, the percentage calculated by dividing (a) the aggregate, on such date, of the amount outstanding for such Lender under the Term Notes, by (b) the aggregate, on such date, of the amount outstanding for all Lenders under the Term Notes.

"CLB" shall mean CLB, Inc., a Texas corporation.

"First Amendment Closing Date" shall mean May 1, 2019.

"Southwest" shall mean Southwest Electronic Energy Corporation, a Texas corporation (f/k/a SWE Holdco, Inc.).

"Southwest Acquisition" shall mean the acquisition by Ultralife of all of the Capital Stock of Southwest from the Southwest Seller pursuant to the terms of the Southwest Acquisition Documents.

"Southwest Acquisition Agreement" shall mean that certain Stock Purchase Agreement dated as of May 1, 2019, by and among Ultralife, Southwest, Southwest Seller and Claude Leonard Benckenstein, an individual, together with all exhibits and schedules thereto, as the same may be amended, modified, supplemented or restated from time to time.

"Southwest Acquisition Documents" shall mean the Southwest Acquisition Agreement and all other agreements, documents and writings heretofore, now or hereafter executed, delivered, or otherwise authenticated in connection with or related to the Southwest Acquisition Agreement, in each case as any of the foregoing may be amended, restated or otherwise modified from time to time.

"Southwest Seller" shall mean Southwest Electronic Energy Medical Research Institute, a Texas non-profit corporation.

"Term Loan" shall mean the Loan granted to Borrowers by the Term Loan Lenders in accordance with Section 2.1B hereof.

"Term Loan Commitment" shall mean the obligation hereunder of the Term Loan Lenders to make a Term Loan in the original principal amount of $8,000,000, with each Term Loan Lender's obligation to participate therein being in the amount set forth opposite such Term Loan Lender's name under the column headed "Term Loan Commitment" as set forth on Schedule 1 hereto (as such amounts may be reduced by the amounts of any payments applied thereto).

"Term Loan Lenders" shall mean, collectively, each Lender which has a Term Loan Commitment.

"Term Note" shall mean the Term Notes executed and delivered pursuant to Section 2.1B hereof, together with any replacement or substitution thereof, any addition or allonge thereto and any amendment, restatement or other modification thereto from time to time.

4. Section 2.1 of the Credit Agreement is hereby amended to delete the second and third full paragraphs therefrom in their entirety and to insert in place thereof the following:

Each Lender, for itself and not for any other Lender, agrees to make Loans and to participate in Letters of Credit issued hereunder during the Commitment Period on such basis that (a) immediately after the completion of any borrowing by Borrowers or issuance of a Letter of Credit hereunder, the aggregate principal amount then outstanding on the Loans held by such Lender, when combined with such Lender's Pro Rata Share of the Letter of Credit Exposure, shall not be in excess of the Maximum Amount for such Lender; (b) the aggregate principal amount outstanding of all outstanding Revolving Loans held such Lender shall represent that percentage of the aggregate principal amount then outstanding on all Revolving Loans (including the Revolving Loans held by such Lender) which is not in excess of such Lender's Applicable Commitment Percentage with respect thereto; (c) the aggregate principal amount of all outstanding Term Loans held by such Lender shall represent that percentage of the aggregate principal amount then outstanding on all Term Loans (including the Term Loans held by such Lender) which is not in excess of such Lender's Applicable Commitment Percentage with respect thereto; and (d) such aggregate principal amount outstanding on the Loans held by such Lender shall represent that percentage of the aggregate principal amount then outstanding on all Loans (including the Loans held by such Lender) that is not in excess of such Lender's Aggregate Commitment Percentage.

Each borrowing from the Lenders hereunder shall be made on a Pro Rata Basis according to the Lenders' respective Applicable Commitment Percentages. The Loans may be made as Revolving Loans, as a Term Loan and Letters of Credit may be issued, as follows:

A. Revolving Credit.

5. Section 2.1 of the Credit Agreement is hereby amended to insert the following new Subpart B at the end thereof:

B. Term Loan.

(i) Subject to the terms and conditions of this Agreement, the Term Loan Lenders shall make a Term Loan to Borrowers on the First Amendment Closing Date, in the amount for each Term Loan Lender equal to its respective Term Loan Commitment. To evidence the Term Loan, Borrowers shall execute and deliver to each Term Loan Lender a Term Note, substantially in the form of Exhibit E hereto, with appropriate insertions. Borrowers shall pay principal on the Term Loan in equal consecutive monthly installments of $133,333.33 commencing May 31, 2019, and continuing on the last day of each succeeding month thereafter, with a final payment in the amount of the then remaining balance thereof payable in full on May 1, 2024. The Term Loan may not be reborrowed.

(ii) Borrowers shall notify Agent from time to time, in accordance with the notice provisions of Section 2.2 hereof, whether the Term Loan will be a Base Rate Loan or an Overnight LIBOR Loan. The Term Loan may be a mixture of Base Rate Loans and Overnight LIBOR Loans. The Term Loan Lenders, at the request of Borrower to Agent, provided that no Event of Default exists hereunder and subject to the applicable notice and other provisions of Section 2.2 hereof, shall convert a Base Rate Loan to an Overnight LIBOR Loan at any time and shall convert an Overnight LIBOR Loan to a Base Rate Loan at any time.

(iii) Borrowers shall pay interest on the unpaid principal amount of Base Rate Loans outstanding from time to time from the date thereof until paid, commencing May 31, 2019, and continuing on the last day of each succeeding month thereafter and at the maturity thereof, at the Derived Base Rate from time to time in effect.

(iv) Borrowers shall pay interest on the unpaid principal amount of each Overnight LIBOR Loan outstanding from time to time from the date thereof until paid, fixed in advance for each Overnight LIBOR Interest Period as herein provided for each such Overnight LIBOR Interest Period. Interest on such Overnight LIBOR Loans shall be payable, commencing May 31, 2019, and on the last day of each succeeding month thereafter and at the maturity thereof.

6. Article II of the Credit Agreement is hereby amended by replacing the references to "Section 2.1" in Section 2.1A.1(vi), Section 2.1A.2(iv) and Section 2.2(c) with a reference to "Section 2.1A".

7. Section 2.3(b) of the Credit Agreement is hereby amended to delete subpart (i) therefrom in its entirety and to insert in place thereof the following:

(i) No Default. Subject to Section 2.7 hereof, if at the time any such funds are received hereunder (A) the Secured Debt has not been accelerated pursuant to Article IX, and (B) no Event of Default has occurred and be continuing (or if an Event of Default has occurred and is continuing, Agent, at the direction of the Required Lenders, shall not have provided notice to a Borrower of its intention to apply the provisions of Section 2.3(b)(ii)), in the following manner: (a) first, to the following items (i), (ii) and (iii) below in such manner as Borrowers shall direct (except that Borrowers may not alter the division as between Lenders as set forth in subparts (ii) and (iii) below), or in the absence of such direction in the following order: (i) to the payment of all fees, charges and reimbursable expenses due and payable to Agent or a Lender under the Secured Debt, this Agreement or the other Loan Documents at such time; (ii) to the payment of all of the interest which shall be due and payable on the principal of the Secured Debt at the time of such payment in accordance with each Lender's Applicable Commitment Percentage; (iii) pro rata to (A) the payment of scheduled principal payments of the Term Loan that are then due in accordance with each Term Loan Lender's Aggregate Term Loan Commitment Percentage, and (B) the payment of all obligations and liabilities of Borrowers under any Hedge Agreement entered into by Borrowers with the Secured Creditors to the extent then due and payable; (b) second, subject to the provisions of Section 2.4 hereof and the fees set forth in Section 2.4, if applicable, to the payment of the principal amount of any Revolving Loans then outstanding in accordance with each Revolving Loan Lender's Applicable Commitment Percentage; and (c) third, to Borrowers.

8. Section 2.7 of the Credit Agreement is hereby amended to delete subpart (g) therefrom in its entirety and to insert in place thereof the following:

(g) Each prepayment of the Loans pursuant to this Section 2.7 (other than subpart (a)) (unless subject to the provisions of Section 2.3(b)(ii) hereof) shall be applied in the following order: (A) prepayment of the Term Loan, together with all accrued and unpaid interest on the principal amount prepaid, until such Term Loan is paid in full, in the inverse order of maturity, based on each Term Loan Lender's Applicable Commitment Percentage, and (B) prepayment in full of all outstanding Revolving Loans, which such prepayment shall not constitute a permanent reduction to the Revolving Credit Commitment. Any prepayment required to be made under this Section 2.7 shall be subject to any fee or other charge in connection with any Hedge Agreement.

9. The Credit Agreement is hereby amended to delete Section 5.7 therefrom in its entirety and to insert in place thereof the following

SECTION 5.7 FINANCIAL COVENANTS:

(a) CONSOLIDATED FIXED CHARGE COVERAGE RATIO. The Companies shall not permit the Consolidated Fixed Charge Coverage Ratio of Borrowers to be less than 1.15 to 1.00 for the Fiscal Quarter ending March 31, 2019, and each Fiscal Quarter thereafter, as calculated for the four (4) consecutive Fiscal Quarter period ending on such date; provided, however, that (i) for the Fiscal Quarter ending June 30, 2019, the Consolidated Fixed Charges shall be the actual Consolidated Fixed Charges for the one Fiscal Quarter period ending on such date multiplied by four, (ii) for the Fiscal Quarter ending September 30, 2019, the Consolidated Fixed Charges shall be the actual Consolidated Fixed Charges for the two Fiscal Quarter period ending on such date multiplied by two, and (iii) for the Fiscal Quarter ending December 31, 2019, the Consolidated Fixed Charges shall be the actual Consolidated Fixed Charges for the three Fiscal Quarter period ending on such date multiplied by one and one third.

(b) CONSOLIDATED SENIOR LEVERAGE RATIO. The Companies shall not suffer or permit the Consolidated Senior Leverage Ratio on the last day of each Fiscal Quarter, commencing on the fiscal quarter ending June 30, 2019, to be more than 2.50 to 1.00.

10. The Credit Agreement is hereby amended to delete Section 5.13 therefrom in its entirety and to insert in place thereof the following:

SECTION 5.13 ACQUISITIONS. Except for the Southwest Acquisition, Permitted Acquisitions or as expressly permitted under Section 5.11 or 5.12 hereof, without the prior written consent of the Required Lenders, no Company shall acquire or permit any Subsidiary to acquire the assets or stock of any other Person; provided, however, that in the event Borrowers ask Agent and the Lenders to consider consenting to any Acquisition (other than a Permitted Acquisition) then Agent and the Lenders agree (i) to give such request all due consideration in good faith, as determined by Agent and the Lenders in their Permitted Discretion, and (ii) not to unreasonably delay its decision with respect to such request.

11. Section 5.14 of the Credit Agreement is hereby amended to delete clause (b) therefrom in its entirety and to insert in place thereof the following:

(b) any default has occurred under any Material Contract or the Southwest Acquisition Documents, which such default is continuing beyond any period of grace provided with respect thereto,

12. The Credit Agreement is hereby amended to delete Section 5.24(v) therefrom in its entirety and to insert in place thereof the following:

(v) with respect to any Pledge Agreement related to Capital Stock of a Subsidiary organized under the laws of the United Kingdom (a "UK Subsidiary Pledge"), make or do all such acts or things as required at the discretion of Agent to insure that the UK Subsidiary Pledge is enforceable and that the security interests granted pursuant to the Pledge Agreement relating to such Subsidiary are recognized and properly evidenced under the laws of the United Kingdom, including, without limitation, the following: (A) engaging local counsel in the United Kingdom to review or amend, restate, supplement or otherwise modify any Pledge Agreement or to prepare a new agreement to the extent necessary, and opine on (i) the enforceability of any such Pledge Agreement (as presently drafted or as amended, restated, supplemented or otherwise modified based on such counsel's review) under the laws of the United Kingdom, or (ii) any such new agreement under the laws of the United Kingdom, (B) delivering or executing, or causing to be delivered or executed, such other documents, writings, opinions, instruments or records of any kind required or customary under the laws of the United Kingdom, and (C) filing, registering or recording (or authorizing Agent or Agent's designee to file, register or record) in any government or public offices (domestic or foreign) any documents, writings, instruments or records of any kind; provided, however, that no action shall be required under clauses (A) and (B) above until Revolving Credit Exposure is equal to or greater than $5,000,000,

13. Article V of the Credit Agreement is hereby amended to insert the following new section at the end thereof:

SECTION 5.35 MODIFICATIONS TO CERTAIN MATERIAL DOCUMENTS. Without the prior written consent of the Required Lenders, the Companies shall not permit any amendment, restatement, waiver or other modification of any of the Southwest Acquisition Documents.

14. Section 7.22 of the Credit Agreement is hereby amended to insert a new sentence thereto at the end thereof:

The representations and warranties made by the Credit Parties in the Southwest Acquisition Documents, and in any other agreements, instruments or certificates delivered pursuant thereto, are true and correct in all material respects (except where any such representation and warranty is stated as being true only as of a specific date, in which case such representation and warranty was true and correct in all material respects on such date).

15. The Credit Agreement is hereby amended to delete Section 8.5 therefrom in its entirety and to insert in place thereof the following:

SECTION 8.5 CROSS DEFAULT. If (a) any Company or any Obligor shall default in the payment of principal or interest due and owing upon any other obligation for borrowed money in excess of the aggregate, for all such obligations for all such Companies and Obligors, of $500,000 beyond any period of grace provided with respect thereto or in the performance or observance of any other agreement, term or condition contained in any agreement under which such obligation is created, if the effect of such default is to allow the acceleration of the maturity of such Indebtedness or to permit the holder thereof to cause such Indebtedness to become due prior to its stated maturity, (b) any default by any Company shall have occurred under the Southwest Acquisition Documents, which such default shall be continuing beyond any period of grace provided with respect thereto.

16. The Credit Agreement is hereby amended by deleting Schedule 1 therefrom in its entirety and by substituting in place thereof a new Schedule 1, in the form of Exhibit 1 attached hereto.

17. The Credit Agreement is hereby amended to insert a new Exhibit E thereto, in the form of Exhibit 2 attached hereto.

18. Lenders, Agent, and Borrowers agree that the Revolving Credit Note is hereby amended by replacing the references to "Section 2.1" therein with a reference to "Section 2.1A".

19. As a condition precedent to the effectiveness of this Agreement:

(a) Borrowers shall have executed and delivered to each Term Loan Lender a Term Note, dated as of even date herewith, and such Term Note shall otherwise be in substantially the form and substance of Exhibit E of the Credit Agreement;

(b) New Borrowers shall have executed and delivered to Agent an Intellectual Property Security Agreement (the "New Borrower IP Agreement"), in form and substance satisfactory to Agent;

(c) Borrowers shall have executed and delivered to Agent a Joinder and Assumption Agreement (the "Joinder Agreement") and such Joinder and Assumption Agreement shall be in form and substance satisfactory to Agent;

(d) Pursuant to Existing Borrower's Pledge Agreement and in connection with the Southwest Acquisition, Existing Borrower has pledged all Equity Interests of Southwest, Existing Borrower shall have executed and delivered to Agent share certificates (or control agreements), appropriate stock powers (or equivalent), and such other documents in connection therewith as Agent shall reasonably request, each in form and substance satisfactory to Agent;

(e) Southwest shall have executed and delivered to Agent a Pledge Agreement (the "New Pledge Agreement"), in form and substance satisfactory to Agent, together with the delivery of share certificates (or control agreements), appropriate stock powers (or equivalent), and such other documents in connection therewith as Agent shall reasonably request, each in form and substance satisfactory to Agent;

(f) Each Borrower shall have delivered to Agent an officer's certificate (or equivalent) certifying the names of the officers of such Borrower authorized to sign this Agreement, the Term Note, the New Borrower IP Agreement, the Joinder Agreement, the New Pledge Agreement, and each other document, agreement, writing or instrument executed in connection with this Agreement (collectively, the "Amendment Documents") by such Borrower, together with the true signatures of such officers, and certified copies of (i) the resolutions of the board of directors (or equivalent governing body) of such Borrower evidencing approval of the execution and delivery of such documents, (ii) the articles of incorporation (or equivalent organizational document) of such Borrower, having been certified, not more than ten (10) days prior to this Agreement, by the Secretary of State of the jurisdiction under which such Borrower is organized, and (iii) the bylaws (or equivalent governance documents) of such Borrower. Notwithstanding the foregoing, the Existing Borrower may, in lieu of providing copies of the Existing Borrower's articles of incorporation (or equivalent organizational document) and bylaws (or equivalent governance documents), certify that there has been no change since May 31, 2017, to the Existing Borrower's formation and governance documents and that such documents are in full force and effect on and as of the date hereof and no action for any amendment to such documents has been taken or is pending;

(g) Agent shall have received a good standing certificate (or equivalent) for each Borrower issued by the Secretary of State in the state where such Borrower is organized;

(h) Agent shall have received the executed legal opinion of each Borrower's counsel, in form and substance satisfactory to Agent, which shall cover such matters incident to the transactions contemplated by this Agreement and the Amendment Documents being executed in connection herewith, and each Borrower hereby authorizes and directs such counsel to deliver such opinions to Agent and Lenders;

(i) Agent shall have received (i) final executed copies of the Southwest Acquisition Documents (including all exhibits, schedules and disclosure letters referred to therein or delivered pursuant thereto, if any) and all material amendments thereto, waivers relating thereto and other side letters or agreements affecting the terms thereof, in each case having been certified by a Financial Officer of Borrowers as true and correct, and (ii) any other evidence that Agent reasonably requests, in form and substance reasonably satisfactory to Agent, that the Southwest Acquisition has been completed for an aggregate consideration not in excess of $25,000,000 substantially contemporaneously with this Agreement.

(j) Borrowers shall have delivered to Agent revised schedules to the Credit Agreement, in form and substance satisfactory to Agent;

(k) Agent shall have received (i) for each Borrower, the results of UCC lien searches reasonably satisfactory to Agent; (ii) for the Existing Borrower, the results of federal and state tax lien and judicial lien searches reasonably satisfactory to Agent; and (iii) UCC termination statements and payoff letters reflecting termination of all financing statements (other than financing statements related to Permitted Liens) previously filed by any party having a security interest in any part of the Collateral or any other property securing the Secured Debt;

(l) New Borrowers shall deliver to Agent appropriate UCC financing statements;

(m) Agent shall have received in form and substance satisfactory to Agent, one or more insurance certificates and copies of New Borrowers' casualty insurance policies, together with loss payable endorsements reasonably satisfactory to Agent naming Agent as Lender loss payee, and copies of New Borrowers' liability insurance policies, together with endorsements naming Agent as a co-insured;

(n) New Borrowers shall have delivered to Agent a landlord's waiver and/or a bailee's waiver, if applicable, each in form and substance satisfactory to Agent and the Lenders, for each location where either (i) New Borrowers' books and records are located, or (ii) any Collateral of a New Borrower with a fair market value in excess of $50,000 in the aggregate is located;

(o) Agent shall have received a solvency certificate, in form and substance reasonably satisfactory to Agent, with respect to New Borrowers;

(p) New Borrowers shall have executed and delivered to Agent a perfection certificate, in form and substance satisfactory to Agent;

(q) Borrowers shall have delivered to Agent a disbursement direction letter, in form and substance satisfactory to Agent;

(r) Borrowers shall have paid to Agent for the pro rata benefit of the Lenders (i) a revolver renewal fee in the amount of $30,000 and (ii) an upfront fee in the amount of $20,000; and

(s) Borrowers shall have paid all reasonable and documented out of pocket legal fees and expenses of Agent incurred in connection with this Agreement.

20. As a conditions subsequent to the effectiveness of this Amendment, the Borrowers shall have:

(a) within five (5) Business Days of the First Amendment Closing Date, delivered to Agent the certificates or instruments representing the Capital Stock of New Borrowers, and the appropriate transfer powers to each certificate or instrument; and

(b) within ninety days (90) days of the First Amendment Closing Date, delivered to Agent evidence, satisfactory to Agent, that New Borrowers have closed or moved to Agent all Deposit Accounts (other than any Excluded Accounts) and lockboxes.

21. Each Borrower hereby represents and warrants to Agent and the Lenders that as of the date hereof: (a) such Borrower has the legal power and authority to execute and deliver the Amendment Documents executed by such Borrower in connection with this Agreement; (b) the officers (or other authorized Persons) of such Borrower executing the Amendment Documents have been duly authorized to execute and deliver the same and bind such Borrower with respect to the provisions thereof; (c) the execution and delivery by such Borrower of the Amendment Documents to which it is a party and the performance and observance by such Loan Party of the provisions thereof do not violate or conflict with the Organizational Documents of such Borrower or any law applicable to such Borrower or result in a breach of any provision of or constitute a default under any other material agreement, instrument or document binding upon or enforceable against such Loan Party; (d) after giving effect to this Agreement, no Default or Event of Default exists under the Loan Documents, nor will any occur upon giving effect to the execution and delivery of the Amendment Documents or by the performance or observance of any provision thereof; (e) such Borrower does not have any claim or offset against, or defense or counterclaim to, any of such Borrower's obligations or liabilities under the Credit Agreement or the other Loan Documents; (f) the representations and warranties set forth in Article VII of the Credit Agreement are true and correct in all material respects (without duplication of materiality qualifiers) on and as of the date hereof, except to the extent such representation or warranty relates to an earlier specified date, in which case such representation and warranty is reaffirmed true and correct in all material respects as of such date; and (g) the Amendment Documents to which such Borrower is a party constitute a valid and binding obligation of such Borrower in every respect, enforceable in accordance with their respective terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally.

22. In consideration of this Agreement, each Borrower hereby waives and releases Agent and the Lenders and their respective affiliates, officers, directors, equity holders, agents, attorneys, employees and representatives from any and all such claims, offsets, defenses and counterclaims of which such Borrower is aware or unaware in connection with the Credit Agreement to the extent arising on or prior to the date hereof, such waiver and release being with full knowledge and understanding of the circumstances and effect thereof and after having consulted legal counsel with respect thereto.

23. Each reference that is made in the Credit Agreement or any other writing shall hereafter be construed as a reference to the Credit Agreement as amended hereby. Except as herein otherwise specifically provided, all provisions of the Credit Agreement shall remain in full force and effect and be unaffected hereby. Each Amendment Document is a Loan Document as defined in the Credit Agreement.

24. Each Borrower hereby reaffirms its obligations, as applicable, under the Credit Agreement and all other Loan Documents to which such Borrower is a party, as any of them may from time to time be amended, restated or otherwise modified (the "Reaffirmed Documents"). Each Borrower agrees (i) that each Reaffirmed Document shall remain in full force and effect following the execution and delivery of this Agreement and any other Amendment Document, and (ii) that all references in any of the Reaffirmed Documents to the "Credit Agreement" or "Loan Agreement" shall be deemed to refer to the Credit Agreement, as amended by this Agreement or as it may be further amended, restated or otherwise modified from time to time.

25. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts and may be delivered by facsimile or pdf electronic transmission, each of which when so executed and delivered shall be deemed to be an original and effective as a manually signed counterpart and all of which when taken together shall constitute but one and the same agreement.

26. The rights and obligations of all parties hereto shall be governed by the laws of the State of New York, without regard to principles of conflicts of laws (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law).

27. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING UNDER THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE AND EACH PARTY HEREBY CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENTS OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the duly authorized officers of the parties to this Agreement have executed this Agreement as of the date first written above.

BORROWERS:

ULTRALIFE CORPORATION

By: /s/ Philip A. Fain
Name: Philip A. Fain
Title: Chief Financial Officer and Treasurer

SOUTHWEST ELECTRONIC ENERGY CORPORATION

By: /s/ Linda S. Saunders
Name: Linda S. Saunders
Title: Vice President of Finance

CLB, INC.

By: /s/ Linda S. Saunders
Name: Linda S. Saunders
Title: Vice President of Finance

AGENT AND THE LENDERS:

KEYBANK NATIONAL ASSOCIATION,
as Agent and as a Lender

By: /s/ Peter F. Leonard
Name: Peter F. Leonard
Title: Senior Vice President

[Continuation of Signature Page to First Amendment Agreement – Key/Ultralife]

EXHIBIT 1

SCHEDULE 1

LENDING INSTITUTIONS	REVOLVING CREDIT COMMITMENT PERCENTAGE	REVOLVING CREDIT COMMITMENT	TERM LOAN COMMITMENT PERCENTAGE	TERM LOAN COMMITMENT	MAXIMUM AMOUNT
KeyBank National Association	100%	$30,000,000	100%	$8,000,000	$38,000,000
Total Commitment Amount	100%	$30,000,000	100%	$8,000,000	$38,000,000

EXHIBIT 2

EXHIBIT E

TERM NOTE

$_____ Newark, New York
May [__], 2019

FOR VALUE RECEIVED, the undersigned, ULTRALIFE CORPORATION, a Delaware corporation ("Ultralife"), SOUTHWEST ELECTRONIC ENERGY CORPORATION, a Texas corporation ("Southwest"), CLB, INC., a Texas corporation ("CLB"), each other Person which may be added as a "Borrower" hereto, subsequent to the date hereof (collectively, together with Ultralife, CLB, and Southwest, the "Borrowers", and each individually, a "Borrower"), jointly and severally promise to pay to the order of _____ ("Lender") at the office of KEYBANK NATIONAL ASSOCIATION, as Agent, 726 Exchange Street, Suite 900, Buffalo, NY 14210, the principal sum of

_____ AND 00/100 ..... DOLLARS

in lawful money of the United States of America at such times, in such amounts and in such manner as provided in Section 2.1B of the Credit Agreement or such earlier time as a prepayment is required pursuant to the Credit Agreement. As used herein, "Credit Agreement" means the Credit and Security Agreement dated as of even date herewith, among Borrowers, certain other Credit Parties from time to time party thereto, the lenders named therein and KeyBank National Association, as Agent, as the same may from time to time be amended, restated or otherwise modified. Capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement.

Borrowers also promise to pay interest on the unpaid principal amount of the Term Loan from time to time outstanding, from the date of the Term Loan until the payment in full thereof, at the rates per annum which shall be determined in accordance with the provisions of Section 2.1B of the Credit Agreement. Such interest shall be payable on each date provided for in such Section 2.1B; provided, however, that interest on any principal portion which is not paid when due shall be payable on demand.

The portions of the principal sum hereof from time to time representing the Term Loan, and payments of principal of either thereof, shall be shown on the records of Lender by such method as Lender may generally employ; provided, however, that failure to make any such entry shall in no way detract from Borrowers' obligations under this Note.

If this Note shall not be paid at maturity, whether such maturity occurs by reason of lapse of time or by operation of any provision for acceleration of maturity contained in the Credit Agreement, the principal hereof and the unpaid interest thereon shall bear interest, until paid, at a rate per annum equal to the Default Rate. All payments of principal of and interest on this Note shall be made in immediately available funds. In the event of a failure to pay interest or principal, when the same becomes due after giving effect to any applicable grace or cure period, Lender may collect and Borrowers agree to pay a late charge of an amount equal to the greater of $50 or 5% of the amount of such late payment.

This Note is one of the Term Notes referred to in the Credit Agreement. Reference is made to the Credit Agreement for a description of the right of the undersigned to anticipate payments hereof, the right of the holder hereof to declare this Note due prior to its stated maturity, and other terms and conditions upon which this Note is issued.

Except as expressly provided in the Credit Agreement, each Borrower expressly waives presentment, demand, protest and notice of any kind.

EACH OF THE UNDERSIGNED WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG BORROWERS, AGENT AND THE LENDERS, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS NOTE, THE CREDIT AND SECURITY AGREEMENT OR ANY OTHER NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED THERETO. THIS WAIVER SHALL NOT IN ANY WAY AFFECT, WAIVE, LIMIT, AMEND OR MODIFY AGENT'S OR ANY LENDER'S ABILITY TO PURSUE REMEDIES PURSUANT TO ANY PROVISION CONTAINED IN ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT AMONG BORROWERS, AGENT AND THE LENDERS, OR ANY THEREOF.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Term Note as of the date and year first written above.

ULTRALIFE CORPORATION

By: _____
Print Name: _____
Title: _____

SOUTHWEST ELECTRONIC ENERGY CORPORATION

By: _____
Print Name: _____
Title: _____

CLB, INC.

By: _____
Print Name: _____
Title: _____

Omitted Exhibits and Schedule Disclosure List

The following list briefly identifies the contents of the Exhibits and Schedules to the foregoing First Amendment Agreement which have been omitted pursuant to Item 601(b)(2) of Regulation S-K.

The Registrant agrees to furnish to the Securities and Exchange Commission, to supplement and upon request, a copy of any of the following omitted Exhibits and Schedules.

Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms by the foregoing First Amendment Agreement.

1. *Schedule 5.8 – Contains a list of the permitted Indebtedness existing as of the Closing Date comprised of third-party financing for annual insurance premiums.*

2. *Schedule 5.9 – Contains a statement that there are no permitted encumbrances.*

3. *Schedule 5.11 – Contains a statement regarding investments made into Subsidiaries.*

4. *Schedule 5.33 – Contains a list of the amount of all Subsidiary Payables as of the Closing Date.*

5. *Schedule 7.1 – Contains a list stating the existences, good standings, foreign qualifications, and capitalizations of the companies.*

6. *Schedule 7.4 – Contains descriptions of all Commercial Tort Claims which, if determined adversely, could not reasonably be expected to result in a Material Adverse Effect.*

7. *Schedule 7.5 – Contains a list of each company's: (i) location of its chief executive offices during the four (4) months prior to the date of the Agreement; (ii) location of its place of business during the past five (5) years; (iii) location of inventory held by third-parties during the past five (5) years; and, (iv) location of inventory currently held by third-parties.*

8. *Schedule 7.8 – Contains a list of any of each company's Commodity Account, Deposit Account, or Securities Account in which such company has rights or power to transfer title.*

9. *Schedule 7.9 – Contains a list of real property owned or leased by any of the companies.*

10. *Schedule 7.14 – Contains a list of all employee benefit plans sponsored or maintained by a company.*

11. *Schedule 7.19 – Contains a list of any contract or agreement to which a company is a party that, if violated or breached, would reasonably be expected to have a Material Adverse Effect.*

12. *Schedule 7.20 – Contains a statement as to all of the registered Intellectual Property owned by the companies.*

13. *Schedule 7.21 – Contains a list of all insurance policies maintained by the companies as of the Closing Date.*

14. *Exhibit A – Contains a list of all registered patents of the companies.*

15. *Exhibit B – Contains a list of all registered trademarks of the companies.*

Exhibit 10.2

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement, as it may be amended, restated or otherwise modified from time to time (this "Agreement"), is executed and delivered at Newark, New York as of this 1st day of May, 2019, by SOUTHWEST ELECTRONIC ENERGY CORPORATION, a corporation organized under the laws of the State of Texas (together with its successors and assigns, "Pledgor"), to KEYBANK NATIONAL ASSOCIATION (together with its successors and assigns in its capacity as agent, "Agent"), as agent for the financial institutions which are now or which hereafter become a party to the Credit Agreement, as hereinafter defined (collectively, "Lenders").

RECITALS:

Pledgor, CLB, INC., a Texas corporation ("CLB"), ULTRALIFE CORPORATION, a Delaware corporation ("Existing Borrower", and together with the Pledgor and CLB, collectively, the "Borrowers", and each individually a "Borrower"), Lenders and Agent are entering into that certain First Amendment Agreement, dated as of the date hereof (the "First Amendment").

Pledgor and CLB, concurrently with the First Amendment, are joining as a Borrower to that certain Credit and Security Agreement dated as of May 31, 2017 (as amended and as it may from time to time be further amended, restated or otherwise modified or supplemented, the "Credit Agreement") among Borrowers, certain other Credit Parties (as defined in the Credit Agreement) which from time to time become party to the Credit Agreement, Lenders and Agent. Pledgor desires that Lenders continue to grant to Borrowers the financial accommodations as described in the Credit Agreement.

Pledgor deems it to be in its direct pecuniary and business interests that it obtain from Lenders the Loans (as defined in the Credit Agreement), and other financial accommodations provided for in the Credit Agreement.

Pledgor understands that Agent and Lenders are willing to enter into the First Amendment and continue to grant to Borrowers the Loans and Letters of Credit and such financial accommodations only upon certain terms and conditions, one of which is that Pledgor grant to Agent, for the benefit of Lenders, a security interest in, and a collateral assignment of, the IP Collateral, as hereinafter defined, and this Agreement is being executed and delivered in consideration of Agent and Lenders entering into the First Amendment, continuing to grant to Borrowers the Loans and Letters of Credit and such other financial accommodations and for other valuable consideration.

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions. As used herein, the following terms shall have the following meanings:

"Assignment" shall mean an Assignment in the form of Exhibit A hereto.

"Debt" shall mean the Secured Debt, as such term is defined in the Credit Agreement.

"IP Collateral" shall mean, collectively, all of Pledgor's existing and future (a) Patents; (b) Trademarks; (c) Licenses; (d) all of the goodwill of Pledgor's business, including, but not limited to, all goodwill connected with and symbolized by the Trademarks; and (e) proceeds of any of the foregoing; provided, however, that notwithstanding any other provisions of this Agreement or the Credit Agreement, in no event shall IP Collateral include "intent-to-use" Trademarks until such time as Pledgor begins to use such trademarks and evidence of use of such trademarks in interstate commerce is submitted to and accepted by the PTO, for so long as the grant of such security interest shall constitute or result in: (x) the abandonment, invalidation, unenforceability or other impairment of any right, title or interest of any Credit Party therein, or (y) in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, agreement or other property right, but only so long as any restriction, prohibition and/or requirement of consent resulting in (x) or (y) above is effective and enforceable under applicable law and is not rendered ineffective by applicable law (including, without limitation, pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC).

"Licenses" shall mean any license agreement with any other party which is material to the business of Pledgor and which is not an "off the shelf" license, whether Pledgor is a licensor or licensee under any such license agreement, if any, including, without limitation, the licenses listed on Schedule C attached hereto and made a part hereof, and the right to prepare for sale, sell and advertise for sale, all Inventory now or hereafter owned by Pledgor and now or hereafter covered by such licenses.

"Patents" shall mean any patent and patent application, including, without limitation, the inventions and improvements described and claimed therein, if any, and including those patents listed on Schedule A attached hereto and made a part hereof, and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof; (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof; (c) the right to sue for past, present and future infringements thereof; (d) all rights corresponding thereto throughout the world.

"Obligor" shall mean a Person whose credit or any of whose property is pledged to the payment of any portion of the Debt and includes, without limitation, (a) any Borrower, (b) any Guarantor and (c) any signatory to a Related Writing.

"PTO" shall mean the United States Patent and Trademark Office.

"Trademarks" shall mean any registered trademark, trademark registration, trade name and trademark application, registered service mark, service mark registration, service name and service mark application, if any, including, without limitation, the trademarks, trademark registrations, trade names and trademark applications, service marks, service mark registrations, service names and service mark applications listed on Schedule B attached hereto and made a part hereof, and (a) renewals thereof; (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payment for past or future infringements thereof; (c) the right to sue for past, present and future infringements thereof; and (d) all rights corresponding thereto throughout the world.

Capitalized terms used in this Agreement without definition have the meanings ascribed to such terms in the Credit Agreement.

2. Grant of Security Interest. In consideration of and as security for the full and complete payment of all of the Debt, Pledgor hereby agrees that Agent shall at all times have, and hereby grants to Agent, for its benefit and for the ratable benefit of each Lender, a security interest in all of the IP Collateral, including (without limitation) all of Pledgor's future IP Collateral, irrespective of any lack of knowledge by Agent or Lenders of the creation or acquisition thereof.

3. Warranties and Representations. Pledgor represents and warrants to Agent and Lenders that as of the date hereof:

(a) Pledgor owns all of the existing IP Collateral, whether the same are registered or unregistered and no such IP Collateral has been adjudged invalid or unenforceable, and each License is a valid and binding obligation of Pledgor and, to the knowledge of Pledgor, the other parties thereto;

(b) except as set forth on Schedule 5.9 of the Credit Agreement, Pledgor has no written knowledge of any claim that the use of any of the IP Collateral violates the rights of any Person;

(c) except for Permitted Liens and for licenses granted by Pledgor as licensor listed on Schedule 5.9 of the Credit Agreement, Pledgor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the existing IP Collateral, free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by Pledgor not to sue third Persons;

(d) Pledgor has full power, authority and legal right to pledge the existing IP Collateral and enter into this Agreement and perform its terms;

(e) Pledgor has used, and shall continue to use, for the duration of this Agreement, proper statutory notice in connection with its use of the IP Collateral;

(f) Pledgor represents and warrants that it is the true and lawful owner of the Trademarks listed on Schedule B attached hereto and made a part hereof, and that said listed Trademarks constitute all the marks registered in the PTO that such Pledgor now owns or uses in connection with its business, other than any such marks which are (i) owned but not used and (ii) not material to its business. Pledgor represents and warrants that it is the true and lawful licensee of the Trademarks listed on Schedule C attached hereto and made a part hereof, and that said listed Trademarks constitute all the marks that such Pledgor uses in connection with its business that are not owned by it. Pledgor represents and warrants that it owns or is licensed to use all Trademarks that it uses, and that it owns all of the registrations listed on Schedule B. Pledgor further warrants that it is not aware of any third party claim that any aspect of Pledgor's present or contemplated business operations infringes or will infringe on any registered trademark or registered service mark; and

(g) Pledgor represents and warrants that it is the true and lawful owner or assignee of all rights in the Patents listed on Schedule A attached hereto and made a part hereof, that said Patents constitute all the United States patents and applications for United States patents that Pledgor now owns, other than any such patents, applications and registrations which are (i) owned but not used and (ii) not material to its business. Pledgor represents and warrants that it is the true and lawful licensee of all rights in the Patents listed on Schedule C attached hereto and made a part hereof, that said Patents constitute all the United States patents and applications for United States patents that Pledgor now uses in its business which are licensed by it. Pledgor represents and warrants that it owns, or is licensed, or had been assigned the right to use or practice under all Patent registrations and applications that it owns, uses or practices under, and that it owns all of the Patent registrations, and it is entitled to be named as assignee in all applications listed on Schedule A. Pledgor further warrants that it is not aware of any third party claim that any aspect of Pledgor's present or contemplated business operations infringes or will infringe on any patent except as may be disclosed in Schedule 7.4 of the Credit Agreement.

4. Further Assignment Prohibited. Pledgor shall not enter into any agreement that is inconsistent with Pledgor's obligations under this Agreement and shall not otherwise sell or assign its interest in, or grant any license or sublicense with respect to, any of the IP Collateral other than licenses in the ordinary course of business as permitted under the Credit Agreement or with Agent's prior written consent. Absent permission under the Credit Agreement or such prior written consent, any such attempted sale or license is null and void.

5. Right to Inspect. Pledgor hereby grants to Agent and Lenders and their respective employees and agents the right to visit any location of Pledgor and to inspect Pledgor's books and records and to make excerpts therefrom and transcripts thereof at such times and upon such notice as is set forth in the Credit Agreement.

6. Standard Patent and Trademark Use. Pledgor shall not knowingly use the IP Collateral in any manner that would jeopardize the validity or legal status thereof. Pledgor shall comply with all patent marking requirements as specified in 35 U.S.C. §287. Pledgor shall further conform its usage of any trademarks to standard trademark usage, including, but not limited to, using the trademark symbols ®, ™, and SM where appropriate.

7. Event of Default.

(a) Pledgor expressly acknowledges that Agent may record this Agreement with the PTO. Contemporaneously herewith, Pledgor shall also execute and deliver to Agent the Assignment, which Assignment shall have no force and effect and shall be held by Agent, in escrow, until the occurrence of an Event of Default (as defined in the Credit Agreement); provided that, anything herein to the contrary notwithstanding, the security interest granted herein shall be effective as of the date of this Agreement. After the occurrence and during the continuance of an Event of Default and after the expiration of any applicable cure period, the Assignment shall take effect immediately upon certification of such fact by an authorized officer of Agent in the form attached as Exhibit A and upon written notice to Pledgor and thereafter Agent may, in its sole discretion, record the Assignment with the PTO. The provisions of this paragraph (a) shall not limit or contradict the provisions of the following paragraph (b) or any of the rights and remedies of Agent described therein.

(b) If an Event of Default shall occur and be continuing and after the expiration of any applicable cure period, in addition to Agent's rights to elect to make the Assignment effective as provided for in paragraph (a) above, Pledgor irrevocably authorizes and empowers Agent, on behalf of Lenders, to terminate Pledgor's use of the IP Collateral and to exercise such rights and remedies as allowed by law, including without limitation all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Agent may sell at public or private sale, in a commercially reasonable manner, or otherwise realize upon all or, from time to time, any of the IP Collateral, together with the associated goodwill, or any interest that Pledgor may have therein, and, after deducting from the proceeds of sale or other disposition of the IP Collateral all reasonable expenses (including all expenses for attorneys' and brokers' fees and other legal services), Agent shall apply such proceeds against payment of the Debt in accordance with the terms of the Credit Agreement. Notice of any sale or other disposition of the IP Collateral shall be given to Pledgor at least ten (10) days before the time of any intended public or private sale or other disposition of the IP Collateral is to be made, which Pledgor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, Agent or any Lender may, to the extent permissible under applicable law, purchase the whole or any part of the IP Collateral sold, free from any right of redemption on the part of Pledgor, which right is hereby waived and released.

8. Termination. At such time as the Debt has been irrevocably paid in full, the commitments of Lenders under the Credit Agreement terminated, and the Credit Agreement terminated, this Agreement shall terminate and Agent shall, upon Pledgor's request, execute and deliver to Pledgor, at Pledgor's expense, all deeds, assignments, and other instruments as Pledgor shall reasonably request to evidence the release of Agent's security interest in the IP Collateral in connection with such termination, subject to any disposition thereof that may have been made by Agent pursuant hereto; provided, however that the provisions of Sections 9 (except the first sentence), 11, 22, 23, 24, 25, 26 and 27 shall survive any termination of this Agreement.

9. Maintaining IP Collateral, Attorneys' Fees, Costs and Expenses. Pledgor shall have the obligation and duty to perform all acts reasonably necessary to maintain or preserve the IP Collateral to the extent such IP Collateral is material in value or used in the ordinary course of business by Pledgor. Any and all fees, costs and expenses, of whatever kind or nature, including, without limitation, the attorneys' fees and legal expenses incurred by Agent and Lenders in connection with the amendment and enforcement of this Agreement, all renewals, required affidavits and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, reasonable counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the IP Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the IP Collateral, shall be borne and paid by Pledgor, within ten (10) days of demand by Agent, and, until so paid after demand, shall be added to the principal amount of the Debt and secured by the IP Collateral (and all other "Collateral" as defined in the Credit Agreement).

10. Pledgor's Obligations to Prosecute. Except as otherwise agreed to by Agent in writing, Pledgor shall have the duty to prosecute diligently any patent application or trademark application pending as of the date of this Agreement or thereafter until the Debt shall have been paid in full, and to do any and all acts that are reasonably necessary or desirable to preserve and maintain all rights in the IP Collateral that are material and used in the ordinary course of business by Pledgor, including, but not limited to, payment of any maintenance fees. Any expenses incurred by Agent in connection with the IP Collateral shall be borne by Pledgor. Pledgor shall not abandon any IP Collateral without the prior written consent of Agent.

11. Agent's Rights to Enforce. Pledgor shall have the right but not the obligation to bring any opposition proceedings, cancellation proceedings or lawsuit in its own name to enforce or protect the IP Collateral. Agent and Lenders shall have the right, but shall have no obligation, to join in any such action during the existence of an Event of Default. Pledgor shall promptly, and in any event within ten (10) days of demand, reimburse and indemnify Agent and Lenders for all damages, and expenses, including attorneys' fees incurred by Agent in connection with the provisions of this Section 11, in the event Agent and Lenders elect to join in any such action commenced by Pledgor.

12. Power of Attorney. Pledgor hereby authorizes and empowers Agent, on behalf of Lenders, to make, constitute and appoint any officer or agent of Agent as Agent may select, in its exclusive discretion, as Pledgor's true and lawful attorney-in-fact, after the occurrence and during the continuance of an Event of Default, with the power to endorse Pledgor's name on all applications, documents, papers and instruments reasonably necessary for Agent to use the IP Collateral, or to grant or issue any exclusive or nonexclusive license under the IP Collateral to any third party, or reasonably necessary for Agent to assign, pledge, convey or otherwise transfer title in or dispose of the IP Collateral, together with associated goodwill to a third party or parties, including the power to execute in the name of Pledgor and deliver to the PTO for recording instruments of assignment and/or transfer for all or any part of the IP Collateral naming as assignee or transferee either Agent or any party that may purchase all or any part of the IP Collateral at any public or private sale conducted by Agent as a secured creditor. Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Agreement, but shall terminate immediately and without further action of the parties upon payment in full of the Debt and termination of the Credit Agreement.

13. Agent's Right to Perform Obligations. If Pledgor materially fails to comply with any of its obligations under this Agreement, Agent, on behalf of Lenders, may after notice to Pledgor, but is not obligated to, do so in Pledgor's name or in Agent's name, but at Pledgor's expense, and Pledgor hereby agrees to reimburse Agent on demand in full for all expenses, including attorneys' fees, incurred by Agent in protecting, defending and maintaining the IP Collateral.

14. Additional Documents. Pledgor shall, upon written request of Agent, enter into such additional documents or instruments as may be reasonably required by Agent in order to effectuate, evidence or perfect Agent's interests in the IP Collateral as evidenced by this Agreement.

15. New IP Collateral. If, before the Debt shall have been satisfied in full, Pledgor shall obtain rights to any new IP Collateral, the provisions of Sections 2 and 7 hereof shall automatically apply thereto as if the same were identified on Schedules A, B or C attached hereto and made a part hereof as of the date hereof, and Pledgor shall give Agent prompt written notice thereof as required in the Credit Agreement.

16. Modification for New IP Collateral. Pledgor hereby authorizes Agent to modify this Agreement by amending Schedules A, B and/or C to include any future IP Collateral as contemplated by Sections 2 and 15 hereof and, at Agent's request, Pledgor shall execute any documents or instruments reasonably required by Agent in order to modify this Agreement as provided in this Section 16, provided that any such modification to Schedules A, B and/or C shall be effective without the signature of Pledgor. Pledgor hereby acknowledges that Agent may refile or re-record this Agreement with the PTO, together with any such modification to Schedules A, B and/or C.

17. No Waiver. No course of dealing between Pledgor and Agent and Lenders, nor any failure to exercise, nor any delay in exercising, on the part of Agent or Lenders, any right, power or privilege hereunder or under any of the Related Writings shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

18. Remedies Cumulative. All of the rights and remedies of Agent and Lenders with respect to the IP Collateral, whether established hereby or by the Related Writings, or by any other agreements or by law shall be cumulative and may be executed singularly or concurrently.

19. Severability. The provisions of this Agreement are severable, and, if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

20. Modifications. Except as provided in Section 16 hereof, this Agreement may be amended or modified only by a writing signed by Pledgor and Agent, on behalf of Lenders. In the event that any provision herein is deemed to be inconsistent with any provision of any other document, other than the Credit Agreement, the provisions of this Agreement shall control.

21. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties, except that Pledgor may not assign any of its rights or duties hereunder without the prior written consent of Agent. Any attempted assignment or transfer without the prior written consent of Agent shall be null and void.

22. Notice. All notices, requests, demands and other communications provided for hereunder shall be given to or made upon Pledgor or Agent as the case may be, in accordance with the terms of Section 11.4 of the Credit Agreement.

23. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York. Any judicial proceeding brought by or against Pledgor with respect to this Agreement or any related agreement may be brought in any court of competent jurisdiction in the State of New York, United States of America, and by execution and delivery of this Agreement, Pledgor accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. Pledgor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by registered mail (return receipt requested) directed to Pledgor at its address set forth in the signature pages of the Credit Agreement and service so made shall be deemed completed five (5) days after the same shall have been so deposited in the mails of the United States of America, or, at the Agent's option, by service upon Borrowing Agent which Pledgor irrevocably appoints as Pledgor's agent for the purpose of accepting service within the State of New York. Nothing herein shall affect the right to serve process in any manner permitted by law or shall limit the right of Agent or any Lender to bring proceedings against Pledgor in the courts of any other jurisdiction. Pledgor waives any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens. Pledgor waives the right to remove any judicial proceeding brought against Pledgor in any state court to any federal court. Notwithstanding anything to the contrary contained in the foregoing, any judicial proceeding by Pledgor against Agent or any Lender involving, directly or indirectly, any matter or claim in any way arising out of, related to or connected with this Agreement or any related agreement, shall be brought only in a federal or state court located in Wayne County, State of New York.

24. Indemnity: Administration and Enforcement. Pledgor will reimburse each Lender, on that Lender's demand from time to time, and Agent, on Agent's demand from time to time, for any and all reasonable fees, costs, and reasonable expenses (including, without limitation, the reasonable fees and disbursements of legal counsel) reasonably incurred by that Lender or Agent, as the case may be, in administering this Agreement and in protecting, enforcing, or attempting to protect or enforce its rights under this Agreement, together with interest thereon, following notice received by Pledgor, on the terms provided in the Credit Agreement.

25. Unconditional and Continuing Security Interest**.** Pledgor's obligations under this Agreement and the granting of a security interest to Agent pursuant to this Agreement are unconditional and effective immediately, and (except for obligations surviving indefinitely pursuant to Section 8) those obligations and the security interest so granted shall continue in full effect until the Debt shall have been paid in full, regardless of the lapse of time, regardless of the fact that there may be a time or times when no Debt is outstanding, until the payment in full of all Debt and the termination of the Credit Agreement, regardless of any act, omission, or course of dealing whatever on the part of Agent and Lenders, or any of them, and regardless of any other event, condition, or thing. Without limiting the generality of the foregoing, neither the amount of the Debt for purposes of this Agreement, nor Pledgor's obligations under this Agreement, nor the security interest granted pursuant to this Agreement shall be diminished or impaired by:

(a) the granting by Agent or any Lender of any credit to any Obligor, whether or not liability therefor constitutes Debt, or any failure or refusal of Agent or any Lender to grant any other credit to any Obligor even if Agent or such Lender thereby breaches any duty or commitment to Pledgor or any other Person,

(b) the application by Agent or any Lender of credits, payments, or proceeds to any portion of the Debt,

(c) any extension, renewal, or refinancing of the Debt in whole or in part,

(d) any amendment, restatement, or other modification of any kind in, to, or of the Credit Agreement or any Related Writing, or any consent or other indulgence granted to any Obligor, or any waiver of any Event of Default (under this Agreement or the Credit Agreement), including without limitation, (i) any extension or change in the time of payment, and/or the manner, place or terms of payment of any or all of Debt, (ii) any renewal, extension of the maturity of the Debt, (iii) any increase or decrease of any loans and extension of credit (and/or any maximum credit limits or sublimits with respect to any such loans or extensions of credit) constituting the Debt, and/or making available to Pledgor or other Credit Parties any new or additional or increased loans or extensions of credit (whether such new, additional or increased loans or extensions of credit are the same or of new or different types as the loans and extensions of credit available to Borrowers and the other Credit Parties under the Credit Agreement and the other Debt as of the date hereof) and (iv) any modification of the terms and conditions under which loans and extensions of credit may be made under the Credit Agreement,

(e) any acceptance of security for or any other Obligor on the Debt or any part thereof, or any release of any security or other Obligor (or compromise or settlement of the liability of any Obligor for the Debt), whether or not Agent or any Lender receives consideration for the release, compromise or settlement,

(f) any discharge of the Debt in whole or in part under any bankruptcy or insolvency law or otherwise,

(g) the failure of Agent or any Lender to make any presentment or demand for payment, to assert or perfect any claim, demand, Lien or interest, or to enforce any right or remedy, or any delay or neglect by Agent or any Lender in respect of the Debt or any part thereof or any security therefor,

(h) any failure to give Pledgor notice of (i) the making of any loan or other credit extension or the terms, conditions, and other provisions applicable thereto, (ii) any dishonor by Pledgor or any other Obligor, or (iii) the inaccuracy or incompleteness of any representation, warranty, or other statement made by any Obligor, or

(i) any defense that may now or hereafter be available to any Obligor, whether based on suretyship, impairment of IP Collateral, accord and satisfaction, breach of warranty, breach of contract, failure of consideration, tort, lack of capacity, usury, or otherwise, or any illegality, invalidity, or unenforceability of the Debt or any part thereof or of any Related Writing.

26. No Setoff; Rights Against Other Obligors**.** Pledgor hereby (a) waives all now existing or hereafter arising rights to recoup or offset any obligation of Pledgor under this Agreement against any claim or right of Pledgor against Agent or any Lender, (b) waives all rights of exoneration now or hereafter arising out of or in connection with this Agreement, and (c) agrees that unless and until all of the Debt shall have been paid in full, Pledgor will not assert against any other Obligor or any other Obligor's property any rights (including, without limitation, contribution, indemnification, reimbursement, and subrogation) now or hereafter arising (whether by contract, operation of law, or otherwise) out of or in connection with this Agreement.

[The remainder of this page is intentionally left blank.]

JURY TRIAL WAIVER. EACH PARTY TO THIS AGREEMENT, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG AGENT, LENDERS AND PLEDGOR, OR ANY OF THEM, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION THEREWITH OR THE TRANSACTIONS RELATED THERETO AND EACH PARTY HEREBY CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENTS OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. THIS WAIVER SHALL NOT IN ANY WAY AFFECT, WAIVE, LIMIT, AMEND OR MODIFY THE ABILITY OF AGENT OR ANY LENDER TO PURSUE REMEDIES PURSUANT TO ANY PROVISION CONTAINED IN ANY NOTE, OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT AMONG PLEDGOR, AGENT AND LENDERS, OR ANY OF THEM.

SOUTHWEST ELECTRONIC ENERGY CORPORATION

By: /s/ Linda S. Saunders
Name: Linda S. Saunders
Title: Vice President of Finance

[Signature Page – IP Security Agreement – Southwest]

KEYBANK NATIONAL ASSOCIATION,
as Agent and as a Lender

By: /s/ Peter F. Leonard
Name: Peter F. Leonard
Title: Senior Vice President

SCHEDULE A

Patents

See attached.

Schedule A

Patents			
Country	**Patent No./Publication No.**	**Application No.**	**Title**
EUROPE	Pending - Publication No. EP2124314 A2	9251219.3	System for balancing battery pack system modules
EUROPE	Pending - Publication No. EP2124314 A3	09251219.3	System for balancing battery pack system modules
U.S.A.	7,880,434 B2	12/417435	System for Balancing a Plurality of Battery pack System Modules Connected in a Series
U.S.A.	8,575,894 B2	12/976847	Balancing of Battery Pack System Modules
U.S.A.	8,922,166 B2	14/042013	Balancing of Battery Pack System Modules
U.S.A.	EXPIRED	61/054882	System for balancing battery pack system modules
U.S.A.	7,274,170 B2	11/293433	Battery Pack Control Module
U.S.A.	7,199,556 B1	11/293334	METHOD FOR EXTENDING POWER DURATION FOR LITHIUM ION BATTERIES
U.S.A.	7,157,881 B1	11/293430	SAFETY DEVICE FOR MANAGING BATTERIES -
U.S.A.	7,157,881 B1	11/293430	SAFETY DEVICE FOR MANAGING BATTERIES -

EUROPE	ABANDONED	08798407.6	Method for balancing lithium secondary cells and modules
HONG KONG	ABANDONED	11106505.2	METHOD FOR BALANCING LITHIUM SECONDARY CELLS AND MODULES
KOREA	1206686	1020107028480	METHOD FOR BALANCING LITHIUM SECONDARY CELLS AND MODULES
U.S.A.	7,279,867 B2	11/293432	METHOD FOR BALANCING CELLS OR GROUPS OF CELLS IN A BATTERY PACK
U.S.A.	7,570,010 B2	11/560288	SOLAR PANEL WITH PULSE CHARGER
U.S.A.	7,609,031 B2	12/195274	METHOD FOR BALANCING LITHIUM SECONDARY CELLS AND MODULES
WORLD	EXPIRED	PCT/US08/073906	Method for balancing lithium secondary cells and modules
U.S.A.	7,917,315 B1	12/190835	METHOD FOR DETERMINING POWER SUPPLY USAGE
U.S.A.	8,229,689 B2	13/036435	Method for Determining Power Supply Usage

U.S.A.	8,532,946 B2	13/525549	Power Supply Usage Determination
U.S.A	8,825,418 B2	13/964677	Power Supply Usage Determination
U.S.A	ABANDONED	14/316347	Power Supply Usage Determination
U.S.A.	8,055,462 B1	12/190872	System Using Fuel Gauge
U.S.A.	8,055,463 B1	12/190893	Fuel Gauge
U.S.A.	9,099,871 B2	12/899413	MODULE BYPASS SWITCH FOR BALANCING BATTERY PACK SYSTEM MODULES
U.S.A.	10,250,043 B2 (granted 4/2/19)	14/752607	Initializer-based control of a module bypass switch for balancing of battery pack system modules
CANADA	CA 2,787,866	CA 2,787,866	Module Bypass Switch with Bypass Current Monitoring
EUROPE	EP 2721716 (A1)	EP20120800356	Module Bypass Switch with Bypass Current Monitoring
Europe/Hong Kong	PENDING EP ALLOWANCE	1194540B 12800356.3	MODULE BYPASS SWITCH WITH BYPASS CURRENT MONITORING

KOREA	10-1588188	10-2014-7001389	MODULE BYPASS SWITCH WITH BYPASS CURRENT MONITORING.
WORLD	EXPIRED	PCT/US12/42056	Module bypass switch with bypass current montioring.
U.S.A.	9,190,855	13/494,502	Module Bypass Switch with Bypass Current Montioring
U.S.A.	9,525,301 B2	14/936,518	MODULE BYPASS SWITCH FOR BALANCING BATTERY PACK SYSTEM MODULES WITH BYPASS CURRENT MONITORING
U.S.A	EXPIRED	61/498358	Module bypass switch with bypass current montioring.
CANADA	CA 2,787,867	CA 2,787,867	SHORT DETECTION IN BATTERY PACKS
Europe	ABANDONED	12810618.4	SHORT DETECTION IN BATTERY PACKS
Korea	10-1568184000	10-2014-7003902	SHORT DETECTION IN BATTERY PACKS
U.S.A.	9097774 B2	13/182998	SHORT DETECTION IN BATTERY PACKS

WORLD	EXPIRED	PCT/US12/45948	Short detection in battery packs
Canada	CA 2,788,244	CA 2,788,244	HISTORICAL ANALYSIS OF BATTERY CELLS FOR DETERMINING STATE OF HEALTH
EUROPE	ABANDONED	12831057.0	HISTORICAL ANALYSIS OF BATTERY CELLS FOR DETERMINING STATE OF HEALTH
Europe/Hong Kong	ABANDONED	12831057.0	HISTORICAL ANALYSIS OF BATTERY CELLS FOR DETERMINING STATE OF HEALTH
KOREA	10-1604710	10-2014-7009891	HISTORICAL ANALYSIS OF BATTERY CELLS FOR DETERMINING STATE OF HEALTH
U.S.A.	8,796,993 B2	13/229914	HISTORICAL ANALYSIS OF BATTERY CELLS FOR DETERMINING STATE OF HEALTH
U.S.A.	9,395,420 B2	14/187857	HISTORICAL ANALYSIS OF BATTERY CELLS FOR DETERMINING STATE OF HEALTH

WORLD	EXPIRED	PCT/US12/53771	HISTORICAL ANALYSIS OF BATTERY CELLS FOR DETERMINING STATE OF HEALTH
CANADA	ABANDONED	11506929	DETECTION AND PREVENTION OF SHORT FORMATION IN BATTERY PACKS
U.S.A.	ABANDONED	13/844350	DETECTION AND PREVENTION OF SHORT FORMATION IN BATTERY CELLS
WORLD	EXPIRED	PCT/US14/21636	DETECTION AND PREVENTION OF SHORT FORMATION IN BATTERY CELLS
CANADA	ABANDONED	2887537	TRI-LAYER MATERIAL FOR HEAT SPREADING IN BATTERY PACK MODULES
U.S.A	ABANDONED	15163396.3	TRI-LAYER MATERIAL FOR HEAT SPREADING IN BATTERY PACK MODULES

U.S.A	EXPIRED	61/980361	TRI-LAYER MATERIAL FOR HEAT SPREADING IN BATTERY PACK MODULES
U.S.A	ABANDONED	14/683373	TRI-LAYER MATERIAL FOR HEAT SPREADING IN BATTERY PACK MODULES
U.S.A.	Pending - Publication No. 2016/0149421 A1	14/942888	LOW VOLTAGE CHARGING OF A HIGH VOLTAGE, SERIES-CONNECTED STRING OF BATTERY MODULES
U.S.A	EXPIRED	62/083786	LOW VOLTAE CHARGING OF A HIGH VOLTAGE, SERIES-CONNECTED STRING OF BATTERY MODULES

SCHEDULE B

Trademarks

See attached.

Schedule B

Trademarks		
Country	**Registration No./Serial No.**	**Mark**
U.S.A	77418459 (ABANDONED)	POW-R-SOLVE
U.S.A	77418475	POW-R MINDER
U.S.A	3582521	SWE, SOUTHWEST ELECTRONIC ENERGY GROUP (&DESIGN)
U.S.A	86152660	SWE, SOUTHWEST ELECTRONIC ENERGY GROUP (&DESIGN)
U.S.A	3296233	POW-R TOTE
BRAZIL	831116196	POW-R BMS
CANADA	TMA876166	POW-R BMS
EUROPE	010101442	POW-R BMS
NORWAY	281792	POW-R BMS
U.S.A	4298668	POW-R BMS
NORWAY	281792	POW-R BMS
U.S.A	85533577	POW-R LIION MODULE
U.S.A	4255516	POW-R LOG
U.S.A	4336436	POW-R LOG SV
BRAZIL	840476736	SWE SEASAFE (& DESIGN)
EUROPE	011648615	SWE SEASAFE (& DESIGN)
NORWAY	271520	SWE SEASAFE (& DESIGN)
U.S.A	4506511	SWE SEASAFE (&DESIGN)
U.S.A	4449307	POW-R LEFT
U.S.A	4604664	SWE SOUTHWEST ELECTRONIC ENERGY GROUP ADVANCED BATTERY SOLUTIONS & DESIGN
EUROPE	14065205	SWE DRILL-DATA OBSERVER

EUROPE	012923868	SWE SOUTHWEST ELECTRONIC ENERGY GROUP ADVANCED BATTERY SOLUTIONS & DESIGN
U.S.A	5,138,012	SWE DRILL - DATA
CANADA	1714804	SWE DRILL-DATA
GERMANY	302015011754	SWE DRILL-DATA
U.S.A.	4838282	SWE DRILL-DATA OBSERVER
U.S.A.	86739242	SeaSafe Direct
U.S.A.	5426681	SWE SEASAFE + DIRECT
Canada	TMA990495	SWE DRILL-DATA

SCHEDULE C

Licenses

See attached.

Schedule C

Licenses

1. Software Services Agreement by and between Southwest Electronic Energy Corporation and INFOR Global Solutions (Michigan) Inc., dated January 24, 2012.
2. Restated License Agreement by and between Southwest Electronic Energy Corporation and APS Technology Inc., dated June 2, 2011.

EXHIBIT A

FORM OF ASSIGNMENT

THIS DOCUMENT SHALL BE HELD BY AGENT IN ESCROW PURSUANT TO AND IN ACCORDANCE WITH THE PROVISIONS OF THE INTELLECTUAL PROPERTY SECURITY AGREEMENT, DATED AS OF MAY [__], 2019 (AS THE SAME MAY FROM TIME TO TIME BE AMENDED, RESTATED OR OTHERWISE MODIFIED, THE "AGREEMENT"), EXECUTED BY SOUTHWEST ELECTRONIC ENERGY CORPORATION, A CORPORATION ORGANIZED UNDER THE LAWS OF THE STATE OF TEXAS (TOGETHER WITH ITS SUCCESSORS AND ASSIGNS, "PLEDGOR"), IN FAVOR OF KEYBANK NATIONAL ASSOCIATION, AS AGENT FOR THE LENDERS, AS DEFINED IN THE AGREEMENT (TOGETHER WITH ITS SUCCESSORS AND ASSIGNS, "AGENT"). BY SIGNING IN THE SPACE PROVIDED BELOW, THE UNDERSIGNED OFFICER OF AGENT CERTIFIES THAT AN EVENT OF DEFAULT (AS DEFINED IN THE AGREEMENT) HAS OCCURRED AND THAT AGENT HAS ELECTED TO TAKE POSSESSION OF THE IP COLLATERAL (AS DEFINED IN THE AGREEMENT) ON BEHALF OF AND FOR THE BENEFIT OF THE LENDERS AND TO RECORD THIS DOCUMENT WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE. UPON RECORDING OF THIS DOCUMENT WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE, THIS LEGEND SHALL CEASE TO HAVE ANY FORCE OR EFFECT.

KEYBANK NATIONAL ASSOCIATION

By:_____

Print Name:_____

Title:_____

Date:_____

ASSIGNMENT

WHEREAS, SOUTHWEST ELECTRONIC ENERGY CORPORATION, a corporation organized under the laws of the State of Texas (together with its successors and assigns, "Pledgor"), is the owner of the IP Collateral, as hereinafter defined;

WHEREAS, Pledgor has executed an Intellectual Property Security Agreement, dated as of even date herewith (as the same may from time to time be amended, restated or otherwise modified, the "Agreement"), in favor of KEYBANK NATIONAL ASSOCIATION, as Agent for the Lenders, as defined in the Agreement ("Agent"), pursuant to which Pledgor has granted to Agent, for the benefit of the Lenders, a security interest in the IP Collateral as security for the Debt, as defined in the Agreement;

WHEREAS, the Agreement provides that the security interest in and of the IP Collateral is effective as of the date of the Agreement;

WHEREAS, the Agreement provides that this Assignment shall become effective upon the occurrence of an Event of Default, as defined in the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and intending to be legally bound hereby, Pledgor, its successors and assigns, subject to the limitations stated in the paragraph immediately following, does hereby transfer, assign and set over to Agent, its successors, transferees and assigns, all of its existing and future IP Collateral (as defined in the Agreement), including, but not limited to, the IP Collateral listed on Schedules A, B, and C of the Agreement (which such schedules shall also be deemed schedules hereto) that is registered in the United States Patent and Trademark Office or that is the subject of pending applications in the United States Patent and Trademark Office.

This Assignment shall be effective only upon the certification of an authorized officer of Agent, as provided above, that (a) an Event of Default, as defined in the Agreement, has occurred and is continuing, and (b) Agent has elected to take actual title to the IP Collateral.

IN WITNESS WHEREOF, the undersigned has caused this Assignment to be executed by its duly authorized officer on May 1, 2019.

SOUTHWEST ELECTRONIC ENERGY CORPORATION

By: /s/ Linda S. Saunders
Name: Linda S. Saunders
Title: Vice President of Finance

STATE OF New York)
) SS:
COUNTY OF Wayne)

BEFORE ME, the undersigned authority, on this day personally appeared Linda S. Saunders, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of said SOUTHWEST ELECTRONIC ENERGY CORPORATION, a Texas corporation, and that she executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 1st day of May, 2019.

/s/ Teresa A. Kemp
Notary Public
My commission expires:11-20-2021

Exhibit 10.3

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement, as it may be amended, restated or otherwise modified from time to time (this "Agreement"), is executed and delivered at Newark, New York as of this 1st day of May 2019, by CLB, INC., a corporation organized under the laws of the State of Texas (together with its successors and assigns, "Pledgor"), to KEYBANK NATIONAL ASSOCIATION (together with its successors and assigns in its capacity as agent, "Agent"), as agent for the financial institutions which are now or which hereafter become a party to the Credit Agreement, as hereinafter defined (collectively, "Lenders").

RECITALS:

Pledgor, SOUTHWEST ELECTRONIC ENERGY CORPORATION, a Texas corporation ("Southwest"), ULTRALIFE CORPORATION, a Delaware corporation ("Existing Borrower", and together with the Pledgor and Southwest, collectively, the "Borrowers", and each individually a "Borrower"), Lenders and Agent are entering into that certain First Amendment Agreement, dated as of the date hereof (the "First Amendment").

Pledgor and Southwest, concurrently with the First Amendment, are joining as a Borrower to that certain Credit and Security Agreement dated as of May 31, 2017 (as amended and as it may from time to time be further amended, restated or otherwise modified or supplemented, the "Credit Agreement") among Borrowers, certain other Credit Parties (as defined in the Credit Agreement) which from time to time become party to the Credit Agreement, Lenders and Agent. Pledgor desires that Lenders continue to grant to Borrowers the financial accommodations as described in the Credit Agreement.

Pledgor deems it to be in its direct pecuniary and business interests that it obtain from Lenders the Loans (as defined in the Credit Agreement), and other financial accommodations provided for in the Credit Agreement.

Pledgor understands that Agent and Lenders are willing to enter into the First Amendment and continue to grant to Borrowers the Loans and Letters of Credit and such financial accommodations only upon certain terms and conditions, one of which is that Pledgor grant to Agent, for the benefit of Lenders, a security interest in, and a collateral assignment of, the IP Collateral, as hereinafter defined, and this Agreement is being executed and delivered in consideration of Agent and Lenders entering into the First Amendment, continuing to grant to Borrowers the Loans and Letters of Credit and such other financial accommodations and for other valuable consideration.

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions. As used herein, the following terms shall have the following meanings:

"Assignment" shall mean an Assignment in the form of Exhibit A hereto.

"Debt" shall mean the Secured Debt, as such term is defined in the Credit Agreement.

"IP Collateral" shall mean, collectively, all of Pledgor's existing and future (a) Patents; (b) Trademarks; (c) Licenses; (d) all of the goodwill of Pledgor's business, including, but not limited to, all goodwill connected with and symbolized by the Trademarks; and (e) proceeds of any of the foregoing; provided, however, that notwithstanding any other provisions of this Agreement or the Credit Agreement, in no event shall IP Collateral include "intent-to-use" Trademarks until such time as Pledgor begins to use such trademarks and evidence of use of such trademarks in interstate commerce is submitted to and accepted by the PTO, for so long as the grant of such security interest shall constitute or result in: (x) the abandonment, invalidation, unenforceability or other impairment of any right, title or interest of any Credit Party therein, or (y) in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, agreement or other property right, but only so long as any restriction, prohibition and/or requirement of consent resulting in (x) or (y) above is effective and enforceable under applicable law and is not rendered ineffective by applicable law (including, without limitation, pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC).

"Licenses" shall mean any license agreement with any other party which is material to the business of Pledgor and which is not an "off the shelf" license, whether Pledgor is a licensor or licensee under any such license agreement, if any, including, without limitation, the licenses listed on Schedule C attached hereto and made a part hereof, and the right to prepare for sale, sell and advertise for sale, all Inventory now or hereafter owned by Pledgor and now or hereafter covered by such licenses.

"Patents" shall mean any patent and patent application, including, without limitation, the inventions and improvements described and claimed therein, if any, and including those patents listed on Schedule A attached hereto and made a part hereof, and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof; (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof; (c) the right to sue for past, present and future infringements thereof; (d) all rights corresponding thereto throughout the world.

"Obligor" shall mean a Person whose credit or any of whose property is pledged to the payment of any portion of the Debt and includes, without limitation, (a) any Borrower, (b) any Guarantor and (c) any signatory to a Related Writing.

"PTO" shall mean the United States Patent and Trademark Office.

"Trademarks" shall mean any registered trademark, trademark registration, trade name and trademark application, registered service mark, service mark registration, service name and service mark application, if any, including, without limitation, the trademarks, trademark registrations, trade names and trademark applications, service marks, service mark registrations, service names and service mark applications listed on Schedule B attached hereto and made a part hereof, and (a) renewals thereof; (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payment for past or future infringements thereof; (c) the right to sue for past, present and future infringements thereof; and (d) all rights corresponding thereto throughout the world.

Capitalized terms used in this Agreement without definition have the meanings ascribed to such terms in the Credit Agreement.

2. Grant of Security Interest. In consideration of and as security for the full and complete payment of all of the Debt, Pledgor hereby agrees that Agent shall at all times have, and hereby grants to Agent, for its benefit and for the ratable benefit of each Lender, a security interest in all of the IP Collateral, including (without limitation) all of Pledgor's future IP Collateral, irrespective of any lack of knowledge by Agent or Lenders of the creation or acquisition thereof.

3. Warranties and Representations. Pledgor represents and warrants to Agent and Lenders that as of the date hereof:

(a) Pledgor owns all of the existing IP Collateral, whether the same are registered or unregistered and no such IP Collateral has been adjudged invalid or unenforceable, and each License is a valid and binding obligation of Pledgor and, to the knowledge of Pledgor, the other parties thereto;

(b) except as set forth on Schedule 5.9 of the Credit Agreement, Pledgor has no written knowledge of any claim that the use of any of the IP Collateral violates the rights of any Person;

(c) except for Permitted Liens and for licenses granted by Pledgor as licensor listed on Schedule 5.9 of the Credit Agreement, Pledgor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the existing IP Collateral, free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by Pledgor not to sue third Persons;

(d) Pledgor has full power, authority and legal right to pledge the existing IP Collateral and enter into this Agreement and perform its terms;

(e) Pledgor has used, and shall continue to use, for the duration of this Agreement, proper statutory notice in connection with its use of the IP Collateral;

(f) Pledgor represents and warrants that it is the true and lawful owner of the Trademarks listed on Schedule B attached hereto and made a part hereof, and that said listed Trademarks constitute all the marks registered in the PTO that such Pledgor now owns or uses in connection with its business, other than any such marks which are (i) owned but not used and (ii) not material to its business. Pledgor represents and warrants that it is the true and lawful licensee of the Trademarks listed on Schedule C attached hereto and made a part hereof, and that said listed Trademarks constitute all the marks that such Pledgor uses in connection with its business that are not owned by it. Pledgor represents and warrants that it owns or is licensed to use all Trademarks that it uses, and that it owns all of the registrations listed on Schedule B. Pledgor further warrants that it is not aware of any third party claim that any aspect of Pledgor's present or contemplated business operations infringes or will infringe on any registered trademark or registered service mark; and

(g) Pledgor represents and warrants that it is the true and lawful owner or assignee of all rights in the Patents listed on Schedule A attached hereto and made a part hereof, that said Patents constitute all the United States patents and applications for United States patents that Pledgor now owns, other than any such patents, applications and registrations which are (i) owned but not used and (ii) not material to its business. Pledgor represents and warrants that it is the true and lawful licensee of all rights in the Patents listed on Schedule C attached hereto and made a part hereof, that said Patents constitute all the United States patents and applications for United States patents that Pledgor now uses in its business which are licensed by it. Pledgor represents and warrants that it owns, or is licensed, or had been assigned the right to use or practice under all Patent registrations and applications that it owns, uses or practices under, and that it owns all of the Patent registrations, and it is entitled to be named as assignee in all applications listed on Schedule A. Pledgor further warrants that it is not aware of any third party claim that any aspect of Pledgor's present or contemplated business operations infringes or will infringe on any patent except as may be disclosed in Schedule 7.4 of the Credit Agreement.

4. Further Assignment Prohibited. Pledgor shall not enter into any agreement that is inconsistent with Pledgor's obligations under this Agreement and shall not otherwise sell or assign its interest in, or grant any license or sublicense with respect to, any of the IP Collateral other than licenses in the ordinary course of business as permitted under the Credit Agreement or with Agent's prior written consent. Absent permission under the Credit Agreement or such prior written consent, any such attempted sale or license is null and void.

5. Right to Inspect. Pledgor hereby grants to Agent and Lenders and their respective employees and agents the right to visit any location of Pledgor and to inspect Pledgor's books and records and to make excerpts therefrom and transcripts thereof at such times and upon such notice as is set forth in the Credit Agreement.

6. Standard Patent and Trademark Use. Pledgor shall not knowingly use the IP Collateral in any manner that would jeopardize the validity or legal status thereof. Pledgor shall comply with all patent marking requirements as specified in 35 U.S.C. §287. Pledgor shall further conform its usage of any trademarks to standard trademark usage, including, but not limited to, using the trademark symbols ®, ™, and SM where appropriate.

7. Event of Default.

(a) Pledgor expressly acknowledges that Agent may record this Agreement with the PTO. Contemporaneously herewith, Pledgor shall also execute and deliver to Agent the Assignment, which Assignment shall have no force and effect and shall be held by Agent, in escrow, until the occurrence of an Event of Default (as defined in the Credit Agreement); provided that, anything herein to the contrary notwithstanding, the security interest granted herein shall be effective as of the date of this Agreement. After the occurrence and during the continuance of an Event of Default and after the expiration of any applicable cure period, the Assignment shall take effect immediately upon certification of such fact by an authorized officer of Agent in the form attached as Exhibit A and upon written notice to Pledgor and thereafter Agent may, in its sole discretion, record the Assignment with the PTO. The provisions of this paragraph (a) shall not limit or contradict the provisions of the following paragraph (b) or any of the rights and remedies of Agent described therein.

(b) If an Event of Default shall occur and be continuing and after the expiration of any applicable cure period, in addition to Agent's rights to elect to make the Assignment effective as provided for in paragraph (a) above, Pledgor irrevocably authorizes and empowers Agent, on behalf of Lenders, to terminate Pledgor's use of the IP Collateral and to exercise such rights and remedies as allowed by law, including without limitation all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Agent may sell at public or private sale, in a commercially reasonable manner, or otherwise realize upon all or, from time to time, any of the IP Collateral, together with the associated goodwill, or any interest that Pledgor may have therein, and, after deducting from the proceeds of sale or other disposition of the IP Collateral all reasonable expenses (including all expenses for attorneys' and brokers' fees and other legal services), Agent shall apply such proceeds against payment of the Debt in accordance with the terms of the Credit Agreement. Notice of any sale or other disposition of the IP Collateral shall be given to Pledgor at least ten (10) days before the time of any intended public or private sale or other disposition of the IP Collateral is to be made, which Pledgor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, Agent or any Lender may, to the extent permissible under applicable law, purchase the whole or any part of the IP Collateral sold, free from any right of redemption on the part of Pledgor, which right is hereby waived and released.

8. Termination. At such time as the Debt has been irrevocably paid in full, the commitments of Lenders under the Credit Agreement terminated, and the Credit Agreement terminated, this Agreement shall terminate and Agent shall, upon Pledgor's request, execute and deliver to Pledgor, at Pledgor's expense, all deeds, assignments, and other instruments as Pledgor shall reasonably request to evidence the release of Agent's security interest in the IP Collateral in connection with such termination, subject to any disposition thereof that may have been made by Agent pursuant hereto; provided, however that the provisions of Sections 9 (except the first sentence), 11, 22, 23, 24, 25, 26 and 27 shall survive any termination of this Agreement.

9. Maintaining IP Collateral, Attorneys' Fees, Costs and Expenses. Pledgor shall have the obligation and duty to perform all acts reasonably necessary to maintain or preserve the IP Collateral to the extent such IP Collateral is material in value or used in the ordinary course of business by Pledgor. Any and all fees, costs and expenses, of whatever kind or nature, including, without limitation, the attorneys' fees and legal expenses incurred by Agent and Lenders in connection with the amendment and enforcement of this Agreement, all renewals, required affidavits and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, reasonable counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the IP Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the IP Collateral, shall be borne and paid by Pledgor, within ten (10) days of demand by Agent, and, until so paid after demand, shall be added to the principal amount of the Debt and secured by the IP Collateral (and all other "Collateral" as defined in the Credit Agreement).

10. Pledgor's Obligations to Prosecute. Except as otherwise agreed to by Agent in writing, Pledgor shall have the duty to prosecute diligently any patent application or trademark application pending as of the date of this Agreement or thereafter until the Debt shall have been paid in full, and to do any and all acts that are reasonably necessary or desirable to preserve and maintain all rights in the IP Collateral that are material and used in the ordinary course of business by Pledgor, including, but not limited to, payment of any maintenance fees. Any expenses incurred by Agent in connection with the IP Collateral shall be borne by Pledgor. Pledgor shall not abandon any IP Collateral without the prior written consent of Agent.

11. Agent's Rights to Enforce. Pledgor shall have the right but not the obligation to bring any opposition proceedings, cancellation proceedings or lawsuit in its own name to enforce or protect the IP Collateral. Agent and Lenders shall have the right, but shall have no obligation, to join in any such action during the existence of an Event of Default. Pledgor shall promptly, and in any event within ten (10) days of demand, reimburse and indemnify Agent and Lenders for all damages, and expenses, including attorneys' fees incurred by Agent in connection with the provisions of this Section 11, in the event Agent and Lenders elect to join in any such action commenced by Pledgor.

12. Power of Attorney. Pledgor hereby authorizes and empowers Agent, on behalf of Lenders, to make, constitute and appoint any officer or agent of Agent as Agent may select, in its exclusive discretion, as Pledgor's true and lawful attorney-in-fact, after the occurrence and during the continuance of an Event of Default, with the power to endorse Pledgor's name on all applications, documents, papers and instruments reasonably necessary for Agent to use the IP Collateral, or to grant or issue any exclusive or nonexclusive license under the IP Collateral to any third party, or reasonably necessary for Agent to assign, pledge, convey or otherwise transfer title in or dispose of the IP Collateral, together with associated goodwill to a third party or parties, including the power to execute in the name of Pledgor and deliver to the PTO for recording instruments of assignment and/or transfer for all or any part of the IP Collateral naming as assignee or transferee either Agent or any party that may purchase all or any part of the IP Collateral at any public or private sale conducted by Agent as a secured creditor. Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Agreement, but shall terminate immediately and without further action of the parties upon payment in full of the Debt and termination of the Credit Agreement.

13. Agent's Right to Perform Obligations. If Pledgor materially fails to comply with any of its obligations under this Agreement, Agent, on behalf of Lenders, may after notice to Pledgor, but is not obligated to, do so in Pledgor's name or in Agent's name, but at Pledgor's expense, and Pledgor hereby agrees to reimburse Agent on demand in full for all expenses, including attorneys' fees, incurred by Agent in protecting, defending and maintaining the IP Collateral.

14. Additional Documents. Pledgor shall, upon written request of Agent, enter into such additional documents or instruments as may be reasonably required by Agent in order to effectuate, evidence or perfect Agent's interests in the IP Collateral as evidenced by this Agreement.

15. New IP Collateral. If, before the Debt shall have been satisfied in full, Pledgor shall obtain rights to any new IP Collateral, the provisions of Sections 2 and 7 hereof shall automatically apply thereto as if the same were identified on Schedules A, B or C attached hereto and made a part hereof as of the date hereof, and Pledgor shall give Agent prompt written notice thereof as required in the Credit Agreement.

16. Modification for New IP Collateral. Pledgor hereby authorizes Agent to modify this Agreement by amending Schedules A, B and/or C to include any future IP Collateral as contemplated by Sections 2 and 15 hereof and, at Agent's request, Pledgor shall execute any documents or instruments reasonably required by Agent in order to modify this Agreement as provided in this Section 16, provided that any such modification to Schedules A, B and/or C shall be effective without the signature of Pledgor. Pledgor hereby acknowledges that Agent may refile or re-record this Agreement with the PTO, together with any such modification to Schedules A, B and/or C.

17. No Waiver. No course of dealing between Pledgor and Agent and Lenders, nor any failure to exercise, nor any delay in exercising, on the part of Agent or Lenders, any right, power or privilege hereunder or under any of the Related Writings shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

18. Remedies Cumulative. All of the rights and remedies of Agent and Lenders with respect to the IP Collateral, whether established hereby or by the Related Writings, or by any other agreements or by law shall be cumulative and may be executed singularly or concurrently.

19. Severability. The provisions of this Agreement are severable, and, if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

20. Modifications. Except as provided in Section 16 hereof, this Agreement may be amended or modified only by a writing signed by Pledgor and Agent, on behalf of Lenders. In the event that any provision herein is deemed to be inconsistent with any provision of any other document, other than the Credit Agreement, the provisions of this Agreement shall control.

21. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties, except that Pledgor may not assign any of its rights or duties hereunder without the prior written consent of Agent. Any attempted assignment or transfer without the prior written consent of Agent shall be null and void.

22. Notice. All notices, requests, demands and other communications provided for hereunder shall be given to or made upon Pledgor or Agent as the case may be, in accordance with the terms of Section 11.4 of the Credit Agreement.

23. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York. Any judicial proceeding brought by or against Pledgor with respect to this Agreement or any related agreement may be brought in any court of competent jurisdiction in the State of New York, United States of America, and by execution and delivery of this Agreement, Pledgor accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. Pledgor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by registered mail (return receipt requested) directed to Pledgor at its address set forth in the signature pages of the Credit Agreement and service so made shall be deemed completed five (5) days after the same shall have been so deposited in the mails of the United States of America, or, at the Agent's option, by service upon Borrowing Agent which Pledgor irrevocably appoints as Pledgor's agent for the purpose of accepting service within the State of New York. Nothing herein shall affect the right to serve process in any manner permitted by law or shall limit the right of Agent or any Lender to bring proceedings against Pledgor in the courts of any other jurisdiction. Pledgor waives any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens. Pledgor waives the right to remove any judicial proceeding brought against Pledgor in any state court to any federal court. Notwithstanding anything to the contrary contained in the foregoing, any judicial proceeding by Pledgor against Agent or any Lender involving, directly or indirectly, any matter or claim in any way arising out of, related to or connected with this Agreement or any related agreement, shall be brought only in a federal or state court located in Wayne County, State of New York.

24. Indemnity; Administration and Enforcement. Pledgor will reimburse each Lender, on that Lender's demand from time to time, and Agent, on Agent's demand from time to time, for any and all reasonable fees, costs, and reasonable expenses (including, without limitation, the reasonable fees and disbursements of legal counsel) reasonably incurred by that Lender or Agent, as the case may be, in administering this Agreement and in protecting, enforcing, or attempting to protect or enforce its rights under this Agreement, together with interest thereon, following notice received by Pledgor, on the terms provided in the Credit Agreement.

25. Unconditional and Continuing Security Interest**.** Pledgor's obligations under this Agreement and the granting of a security interest to Agent pursuant to this Agreement are unconditional and effective immediately, and (except for obligations surviving indefinitely pursuant to Section 8) those obligations and the security interest so granted shall continue in full effect until the Debt shall have been paid in full, regardless of the lapse of time, regardless of the fact that there may be a time or times when no Debt is outstanding, until the payment in full of all Debt and the termination of the Credit Agreement, regardless of any act, omission, or course of dealing whatever on the part of Agent and Lenders, or any of them, and regardless of any other event, condition, or thing. Without limiting the generality of the foregoing, neither the amount of the Debt for purposes of this Agreement, nor Pledgor's obligations under this Agreement, nor the security interest granted pursuant to this Agreement shall be diminished or impaired by:

(a) the granting by Agent or any Lender of any credit to any Obligor, whether or not liability therefor constitutes Debt, or any failure or refusal of Agent or any Lender to grant any other credit to any Obligor even if Agent or such Lender thereby breaches any duty or commitment to Pledgor or any other Person,

(b) the application by Agent or any Lender of credits, payments, or proceeds to any portion of the Debt,

(c) any extension, renewal, or refinancing of the Debt in whole or in part,

(d) any amendment, restatement, or other modification of any kind in, to, or of the Credit Agreement or any Related Writing, or any consent or other indulgence granted to any Obligor, or any waiver of any Event of Default (under this Agreement or the Credit Agreement), including without limitation, (i) any extension or change in the time of payment, and/or the manner, place or terms of payment of any or all of Debt, (ii) any renewal, extension of the maturity of the Debt, (iii) any increase or decrease of any loans and extension of credit (and/or any maximum credit limits or sublimits with respect to any such loans or extensions of credit) constituting the Debt, and/or making available to Pledgor or other Credit Parties any new or additional or increased loans or extensions of credit (whether such new, additional or increased loans or extensions of credit are the same or of new or different types as the loans and extensions of credit available to Borrowers and the other Credit Parties under the Credit Agreement and the other Debt as of the date hereof) and (iv) any modification of the terms and conditions under which loans and extensions of credit may be made under the Credit Agreement,

(e) any acceptance of security for or any other Obligor on the Debt or any part thereof, or any release of any security or other Obligor (or compromise or settlement of the liability of any Obligor for the Debt), whether or not Agent or any Lender receives consideration for the release, compromise or settlement,

(f) any discharge of the Debt in whole or in part under any bankruptcy or insolvency law or otherwise,

(g) the failure of Agent or any Lender to make any presentment or demand for payment, to assert or perfect any claim, demand, Lien or interest, or to enforce any right or remedy, or any delay or neglect by Agent or any Lender in respect of the Debt or any part thereof or any security therefor,

(h) any failure to give Pledgor notice of (i) the making of any loan or other credit extension or the terms, conditions, and other provisions applicable thereto, (ii) any dishonor by Pledgor or any other Obligor, or (iii) the inaccuracy or incompleteness of any representation, warranty, or other statement made by any Obligor, or

(i) any defense that may now or hereafter be available to any Obligor, whether based on suretyship, impairment of IP Collateral, accord and satisfaction, breach of warranty, breach of contract, failure of consideration, tort, lack of capacity, usury, or otherwise, or any illegality, invalidity, or unenforceability of the Debt or any part thereof or of any Related Writing.

26. No Setoff; Rights Against Other Obligors**.** Pledgor hereby (a) waives all now existing or hereafter arising rights to recoup or offset any obligation of Pledgor under this Agreement against any claim or right of Pledgor against Agent or any Lender, (b) waives all rights of exoneration now or hereafter arising out of or in connection with this Agreement, and (c) agrees that unless and until all of the Debt shall have been paid in full, Pledgor will not assert against any other Obligor or any other Obligor's property any rights (including, without limitation, contribution, indemnification, reimbursement, and subrogation) now or hereafter arising (whether by contract, operation of law, or otherwise) out of or in connection with this Agreement.

[The remainder of this page is intentionally left blank.]

JURY TRIAL WAIVER. EACH PARTY TO THIS AGREEMENT, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG AGENT, LENDERS AND PLEDGOR, OR ANY OF THEM, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION THEREWITH OR THE TRANSACTIONS RELATED THERETO AND EACH PARTY HEREBY CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENTS OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. THIS WAIVER SHALL NOT IN ANY WAY AFFECT, WAIVE, LIMIT, AMEND OR MODIFY THE ABILITY OF AGENT OR ANY LENDER TO PURSUE REMEDIES PURSUANT TO ANY PROVISION CONTAINED IN ANY NOTE, OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT AMONG PLEDGOR, AGENT AND LENDERS, OR ANY OF THEM.

CLB, INC.

By: /s/ Linda S. Saunders
Name: Linda S. Saunders
Title: Vice President of Finance

[Signature Page – IP Security Agreement – CLB, Inc.]

KEYBANK NATIONAL ASSOCIATION,
as Agent and as a Lender

By: /s/ Peter F. Leonard
Name: Peter F. Leonard
Title: Senior Vice President

SCHEDULE A

Patents

None.

SCHEDULE B

Trademarks

None.

SCHEDULE C

Licenses

None.

EXHIBIT A

FORM OF ASSIGNMENT

THIS DOCUMENT SHALL BE HELD BY AGENT IN ESCROW PURSUANT TO AND IN ACCORDANCE WITH THE PROVISIONS OF THE INTELLECTUAL PROPERTY SECURITY AGREEMENT, DATED AS OF MAY 1, 2019 (AS THE SAME MAY FROM TIME TO TIME BE AMENDED, RESTATED OR OTHERWISE MODIFIED, THE "AGREEMENT"), EXECUTED BY CLB, INC., A CORPORATION ORGANIZED UNDER THE LAWS OF THE STATE OF TEXAS (TOGETHER WITH ITS SUCCESSORS AND ASSIGNS, "PLEDGOR"), IN FAVOR OF KEYBANK NATIONAL ASSOCIATION, AS AGENT FOR THE LENDERS, AS DEFINED IN THE AGREEMENT (TOGETHER WITH ITS SUCCESSORS AND ASSIGNS, "AGENT"). BY SIGNING IN THE SPACE PROVIDED BELOW, THE UNDERSIGNED OFFICER OF AGENT CERTIFIES THAT AN EVENT OF DEFAULT (AS DEFINED IN THE AGREEMENT) HAS OCCURRED AND THAT AGENT HAS ELECTED TO TAKE POSSESSION OF THE IP COLLATERAL (AS DEFINED IN THE AGREEMENT) ON BEHALF OF AND FOR THE BENEFIT OF THE LENDERS AND TO RECORD THIS DOCUMENT WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE. UPON RECORDING OF THIS DOCUMENT WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE, THIS LEGEND SHALL CEASE TO HAVE ANY FORCE OR EFFECT.

KEYBANK NATIONAL ASSOCIATION

By:_____
Print Name:_____
Title:_____

ASSIGNMENT

WHEREAS, CLB, INC., a corporation organized under the laws of the State of Texas (together with its successors and assigns, "Pledgor"), is the owner of the IP Collateral, as hereinafter defined;

WHEREAS, Pledgor has executed an Intellectual Property Security Agreement, dated as of even date herewith (as the same may from time to time be amended, restated or otherwise modified, the "Agreement"), in favor of KEYBANK NATIONAL ASSOCIATION, as Agent for the Lenders, as defined in the Agreement ("Agent"), pursuant to which Pledgor has granted to Agent, for the benefit of the Lenders, a security interest in the IP Collateral as security for the Debt, as defined in the Agreement;

WHEREAS, the Agreement provides that the security interest in and of the IP Collateral is effective as of the date of the Agreement;

WHEREAS, the Agreement provides that this Assignment shall become effective upon the occurrence of an Event of Default, as defined in the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and intending to be legally bound hereby, Pledgor, its successors and assigns, subject to the limitations stated in the paragraph immediately following, does hereby transfer, assign and set over to Agent, its successors, transferees and assigns, all of its existing and future IP Collateral (as defined in the Agreement), including, but not limited to, the IP Collateral listed on Schedules A, B, and C of the Agreement (which such schedules shall also be deemed schedules hereto) that is registered in the United States Patent and Trademark Office or that is the subject of pending applications in the United States Patent and Trademark Office.

This Assignment shall be effective only upon the certification of an authorized officer of Agent, as provided above, that (a) an Event of Default, as defined in the Agreement, has occurred and is continuing, and (b) Agent has elected to take actual title to the IP Collateral.

IN WITNESS WHEREOF, the undersigned has caused this Assignment to be executed by its duly authorized officer on May 1, 2019.

CLB, INC.

By: /s/ Linda S. Saunders
Name: Linda S. Saunders
Title: Vice President of Finance

STATE OF New York)
) SS:
COUNTY OF Wayne)

BEFORE ME, the undersigned authority, on this day personally appeared Linda S. Saunders, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of said CLB, INC., a Texas corporation, and that she executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 1st day of May, 2019.

/s/ Teresa A. Kemp
Notary Public
My commission expires: 11-20-2021

Exhibit 10.4

PLEDGE AGREEMENT

This Pledge Agreement, as it may be amended, restated or otherwise modified from time to time (this "Agreement"), is executed and delivered as of the 1st day of May, 2019, by SOUTHWEST ELECTRONIC ENERGY CORPORATION, a Texas corporation ("Pledgor"), to KEYBANK NATIONAL ASSOCIATION (together with its successors and assigns in its capacity as agent, "Agent"), as agent for the financial institutions which are now or which hereafter become a party to the Credit Agreement, as hereinafter defined (collectively, "Lenders").

RECITALS.

Pledgor, Ultralife Corporation, a Delaware corporation ("Ultralife"), CLB, Inc., a Texas corporation ("CLB", and together with Pledgor and Ultralife, collectively, the "Borrowers" and each individually a "Borrower"), Agent and Lenders are entering into that certain First Amendment Agreement, dated as of the date hereof (the "Amendment"), which such Amendment amends that certain Credit and Security Agreement, dated as of May 31, 2017 (as amended, and as the same may from time to time be further amended, restated or otherwise modified, the "Credit Agreement"), by and among Borrowers, certain other Credit Parties (as defined in the Credit Agreement) which from time to time become party to the Credit Agreement, Agent and Lenders. Pledgor desires that Lenders continue to grant to Borrowers the financial accommodations as described in the Credit Agreement.

Pledgor deems it to be in Borrowers' direct pecuniary and business interests that Borrowers continue to obtain from Lenders the Loans (as defined in the Credit Agreement), and the other financial accommodations provided for in the Credit Agreement.

Pledgor understands that Agent and Lenders are willing to enter into the Amendment and to continue to grant to Borrowers the Loans and Letters of Credit and such financial accommodations only upon certain terms and conditions, one of which is that Pledgor grants to Agent, for the benefit of Lenders, a security interest in, and an assignment of, the Pledged Collateral (as hereinafter defined) and this Agreement is being executed and delivered in consideration of Agent and Lenders entering into the Amendment, continuing to grant to Borrowers the Loans and Letters of Credit and such other financial accommodations and for other valuable consideration.

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. DEFINITIONS. As used in this Agreement, the following terms shall have the following meanings:

1.1. "Debt" shall mean the Secured Debt as such term is defined in the Credit Agreement.

1.2. "Distributable Proceeds" shall mean all proceeds, income, fees, profits, surplus, dividends, distributions, cash, instruments and other property, from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Collateral.

1.3 "Pledged Collateral" shall mean, collectively, (a) the Pledged Securities and each addition, if any, thereto and each substitution, if any, therefor, in whole or in part, including, without limitation, by reason of splits, dividends and similar transactions with respect to the Pledged Securities, (b) any certificates representing the Pledged Securities, and (c) all Distributable Proceeds.

1.4. "Pledged Entities" shall mean CLB and any Subsidiary of which Pledgor owns the Equity Interests of after the date hereof.

1.5. "Pledged Securities" shall mean (a) all of the Equity Interests of the Pledged Entities listed on Exhibit A hereto; (b) all of the Equity Interests of any other Credit Party which is not a Foreign Subsidiary (as defined in the Credit Agreement) owned by Pledgor from time to time or acquired by Pledgor in any manner and (c) 65% of the Equity Interests of any other Credit Party which is a Foreign Subsidiary (as defined in the Credit Agreement) owned by Pledgor from time to time or acquired by Pledgor in any manner.

Except as specifically defined in this Agreement, capitalized terms used in this Agreement that are defined in the Credit Agreement shall have their respective meanings ascribed to such terms in the Credit Agreement.

2. SECURITY INTEREST. Pledgor hereby grants to Agent, for its benefit and for the ratable benefit of each Lender, a security interest in the Pledged Collateral as security for the Debt. For the better protection of Lenders hereunder, Pledgor has executed appropriate transfer powers, in the form of Exhibit B attached hereto, and is, concurrently herewith, depositing certificates representing such Pledged Securities and the aforesaid transfer powers with Agent for the benefit of Lenders. Pledgor authorizes Agent, at any time after the occurrence and during the continuance of an Event of Default, to transfer the Pledged Securities into the name of Agent or Agent's nominee, for the benefit of Lenders, but Agent shall be under no duty to do so. Notwithstanding any provision in this Agreement to the contrary, Agent shall have no right to vote the Pledged Securities at any time unless and until Agent shall have given Pledgor written notice that an Event of Default has occurred.

3. PLEDGOR'S REPRESENTATIONS AND WARRANTIES. Pledgor represents and warrants to Agent and Lenders, in the case of the Pledged Securities set forth on Exhibit A to this Agreement as of the date hereof, and in the case of Pledged Securities pledged pursuant to this Agreement after the date hereof, as of the date of such pledge, as follows:

3.1. Pledgor is the legal record and beneficial owner of, and has good title to, the Pledged Securities, and the Pledged Securities are not subject to any Lien, nor to any other agreement purporting to grant to any third party a security interest in the property or assets of Pledgor that would include the Pledged Collateral, except (a) as otherwise permitted pursuant to the Credit Agreement and (b) for the security interest created by this Agreement or otherwise securing only Agent and Lenders.

3.2. All of the Pledged Securities have been duly authorized and validly issued, and are fully paid and non-assessable.

3.3. Pledgor has the legal power to pledge all of the Pledged Securities pursuant to the terms of this Agreement.

3.4. No consent, license, permit, approval or authorization, filing or declaration with any Governmental Authority, and no consent of any other party, is required to be obtained by Pledgor in connection with the pledge of the Pledged Securities hereunder, in each case that has not been obtained or made, and is not in full force and effect.

3.5. The pledge, assignment and delivery of the Pledged Securities hereunder create a valid first lien on, and a first perfected security interest in, the Pledged Securities and the proceeds thereof.

3.6. Pledgor fully anticipates that the Debt will be repaid without the necessity of selling the Pledged Securities.

3.7. Pledgor has received consideration that is the reasonable equivalent value of the obligations and liabilities that Pledgor has incurred to Agent and Lenders.

3.8. All of the Pledged Securities are represented by a certificate or instrument, which such certificate or instrument has been deposited with Agent for the benefit of Lenders.

3.9. The Pledged Securities are "securities" as such term is defined in Article 8 of the UCC.

3.10. None of the Pledged Securities are subject to any right of first refusal or other restriction that could restrict the transfer of any such interest to Agent or any Lender or any nominee thereof or the ability of any purchaser of any such interest to transfer such interest, except for restrictions on transfer under applicable law.

4. REMEDIES. If an Event of Default shall occur and be continuing, Agent, in Agent's discretion and upon such terms and in such manner as Agent shall deem advisable, sell, assign, transfer and deliver the Pledged Collateral, or any part thereof, and, in each case, Agent shall apply the net proceeds of the sale thereof to the Debt, as provided in the Credit Agreement. Agent shall give Pledgor not fewer than ten (10) days prior notice of the date after which any intended private sale may be made or the time and place of any intended public sale. Pledgor waives advertisement of sale and, except to the extent required by the preceding sentence, waives notice of any kind in respect of any sale. At any public sale, Agent or any Lender may purchase the Pledged Collateral, or any part thereof, free from any rights of redemption, which rights are hereby waived and released. In addition to other rights and remedies provided for herein or otherwise available to Agent following the occurrence and during the continuance of an Event of Default, Agent shall have all rights and remedies of a secured party under UCC.

5. TERMINATION. At such time as the Debt has been paid in full, the commitment of Lenders under the Credit Agreement terminated, and the Credit Agreement terminated and not replaced by any other credit facility with Lenders, this Agreement shall terminate and Agent shall, upon Pledgor's written request, execute and deliver to Pledgor the certificates representing the Pledged Securities, the stock power and any other Pledged Collateral held by Agent, and, at Pledgor's expense, appropriate termination statements; provided, however, that the provisions of Sections 8 through 18, all inclusive, shall survive the payment in full of the Debt.

6. ADDITIONAL COVENANTS OF PLEDGOR.

6.1. Pledgor covenants and agrees to defend the right, title and security interest of Agent in and to the Pledged Collateral and the proceeds thereof, and to maintain and preserve the Lien and security interest provided for by this Agreement against the claim and demands of all Persons, so long as this Agreement shall remain in effect.

6.2. Pledgor covenants and agrees not to sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, or create, incur or permit to exist, any Lien with respect to any of the Pledged Collateral, or any interest therein, or any proceeds thereof, except as otherwise permitted by the Credit Agreement and except for the Lien provided for by this Agreement and any security agreement securing Lenders.

6.3. Pledgor covenants and agrees (a) to cooperate, in good faith, with Agent and Lenders and to do or cause to be done all such other acts as may be reasonably necessary to enforce the rights of Agent and Lenders under this Agreement, (b) not to take any action, nor fail to take any action that would be adverse to the interest of Agent or Lenders in the Pledged Collateral or under this Agreement or both, and (c) to make any sale or sales of any portion or all of the Pledged Securities valid and binding and in compliance with any and all applicable laws, regulations, orders, writs, injunctions, decrees or awards of any and all courts, arbitrators or governmental instrumentalities, domestic or foreign, having jurisdiction over any such sale or sales at Pledgor's expense.

7. ATTORNEY-IN-FACT; INSTRUCTIONS TO ISSUERS. Pledgor hereby authorizes and empowers Agent, on behalf of Lenders, to make, constitute and appoint any officer or agent of Agent as Agent may select, in its exclusive discretion, as Pledgor's true and lawful attorney-in-fact, with the power to endorse Pledgor's name on all applications, documents, papers and instruments necessary for Agent, on behalf of Lenders, to take actions with respect to the Pledged Collateral during the existence of an Event of Default, including, without limitation, actions reasonably necessary for Agent to assign, pledge, convey or otherwise transfer title in or dispose of the Pledged Collateral to any Person. Pledgor ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Agreement. Pledgor hereby authorizes and instructs each issuer of the Pledged Collateral to comply with any instruction received by it from Agent or any officer or agent thereof that states that an Event of Default has occurred and without any other or further instructions from Pledgor, and Pledgor agrees that each such issuer shall be fully protected in so complying.

8. COSTS AND EXPENSES. If Pledgor fails to comply with any of its obligations under this Agreement, Agent may do so in Pledgor's name or in Agent's name, but at Pledgor's expense, and Pledgor hereby agrees to reimburse Agent and Lenders in full for all expenses, including reasonable attorney fees, incurred by Agent and Lenders in protecting, defending and maintaining the Pledged Collateral to the extent provided in the Credit Agreement.

9. NOTICE. All notices, requests, demands and other communications provided for hereunder shall be in writing and mailed to the applicable party in accordance with the terms of Section 11.4 of the Credit Agreement.

10. INTERPRETATION. Each right, power or privilege specified or referred to in this Agreement is in addition to any other rights, powers and privileges that Agent or Lenders may have or acquire by operation of law, by other contract or otherwise. No course of dealing in respect of, nor any omission or delay in the exercise of, any right, power or privilege by Agent or Lenders shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any further or other exercise thereof or of any other, as each right, power or privilege may be exercised by Agent or Lenders either independently or concurrently with other rights, powers and privileges and as often and in such order as Agent or Lenders may deem expedient. No waiver or consent granted by Agent or Lenders in respect of this Agreement shall be binding upon Agent or Lenders unless specifically granted in writing, which writing shall be strictly construed.

11. ASSIGNMENT AND SUCCESSORS. This Agreement shall not be assigned by Pledgor without the prior written consent of Agent. This Agreement shall bind the permitted successors and permitted assigns of Pledgor and shall benefit the respective successors and assigns of Agent and Lenders.

12. SEVERABILITY. If, at any time, one or more provisions of this Agreement is or becomes invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

13. GOVERNING LAW; SUBMISSION TO JURISDICTION. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York. Any judicial proceeding brought by or against Pledgor with respect to this Agreement shall be brought as provided in the Credit Agreement. Pledgor hereby waives personal service of any and all process upon Pledgor and consents that all such service of process may be made by registered mail (return receipt requested) directed to Pledgor at Pledgor's address set forth in the signature pages of the Credit Agreement and service so made shall be deemed completed as provided in the Credit Agreement.

14. INDEMNITY; ADMINISTRATION AND ENFORCEMENT. Pledgor shall reimburse each Lender, on that Lender's demand from time to time, and Agent, on Agent's demand from time to time, for any and all reasonable fees, costs, and reasonable expenses (including, without limitation, the reasonable fees and disbursements of legal counsel) incurred by that Lender or Agent, as the case may be, as the case may be, in administering this Agreement and in protecting, enforcing, or attempting to protect or enforce its rights under this Agreement, to the extent provided in the Credit Agreement.

15. UNCONDITIONAL AND CONTINUING SECURITY INTEREST. Pledgor's obligations under this Agreement and the granting of a security interest to Agent, for the benefit of Lenders, pursuant to this Agreement are unconditional and effective immediately, and (except for obligations surviving indefinitely pursuant to Section 5) those obligations and the security interest so granted shall continue in full effect until the Debt shall have been paid in full, regardless of the lapse of time, regardless of the fact that there may be a time or times when no Debt is outstanding, regardless of any act, omission, or course of dealing whatever on the part of Agent and Lenders, and regardless of any other event, condition, or thing. Without limiting the generality of the foregoing, neither the amount of the Debt for purposes of this Agreement, nor Pledgor's obligations under this Agreement, nor the security interest granted pursuant to this Agreement shall be diminished or impaired by:

(a) the granting by Agent or any Lender of any credit to any Person, whether or not liability therefor constitutes Debt, or any failure or refusal of Agent or any Lender to grant any other credit to any Person even if Agent or such Lender thereby breaches any duty or commitment to Pledgor or any other Person;

(b) the application by Agent or any Lender of credits, payments, or proceeds to any portion of the Debt;

(c) any extension, renewal, or refinancing of the Debt in whole or in part;

(d) any amendment, restatement, or other modification of any kind in, to, or of any Related Writing, or any consent or other indulgence granted to any Person, or any waiver of any Event of Default (under this Agreement, the Credit Agreement or any other agreement, document or writing);

(e) any acceptance of security for or any other Person on the Debt or any part thereof, or any release of any security or other Person, whether or not Agent or any Lender receives consideration for the release;

(f) any discharge of the Debt in whole or in part under any bankruptcy or insolvency law or otherwise;

(g) the failure of Agent or any Lender to make any presentment or demand for payment, to assert or perfect any claim, demand, or interest, or to enforce any right or remedy, or any delay or neglect by Agent or any Lender in respect of the Debt or any part thereof or any security therefor;

(h) any failure to give Pledgor notice of (i) the making of any loan or other credit extension or the terms, conditions, and other provisions applicable thereto, (ii) any dishonor by Pledgor or any other Person, or (iii) the inaccuracy or incompleteness of any representation, warranty, or other statement made by any Person; or

(i) any defense that may now or hereafter be available to any Person, whether based on suretyship, impairment of Pledged Collateral, accord and satisfaction, breach of warranty, breach of contract, failure of consideration, tort, lack of capacity, usury or otherwise, or any illegality, invalidity, or unenforceability of the Debt or any part thereof or of any Related Writing.

16. NO SETOFF; RIGHTS AGAINST OTHER OBLIGORS. Pledgor hereby (a) waives all now existing or hereafter arising rights to recoup or offset any obligation of Pledgor under this Agreement against any claim or right of Pledgor against Agent or any Lender, (b) waives all rights of exoneration now or hereafter arising out of or in connection with this Agreement, and (c) agrees that unless and until all of the Debt shall have been paid in full, Pledgor will not assert against any other Person obligated on the Debt or against any such Person's property any rights (including, without limitation, contribution, indemnification, reimbursement and subrogation) now or hereafter arising (whether by contract, operation of law or otherwise) out of or in connection with this Agreement or any Related Writing.

17. MAXIMUM LIABILITY OF PLEDGOR. Anything in this Agreement to the contrary notwithstanding, the security interest and lien granted pursuant to this Agreement shall secure payment of the Debt only to the extent that the granting of such security interest and lien would not be void, voidable or avoidable under any applicable fraudulent transfer law.

[The remainder of this page intentionally left blank.]

18. JURY TRIAL WAIVER. PLEDGOR WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG PLEDGOR ON THE ONE HAND AND AGENT AND/OR LENDERS ON THE OTHER HAND, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION THEREWITH OR THE TRANSACTIONS RELATED THERETO. THIS WAIVER SHALL NOT IN ANY WAY AFFECT, LIMIT, AMEND OR MODIFY THE ABILITY OF AGENT AND/OR LENDERS TO PURSUE REMEDIES PURSUANT TO ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION, OR ANY OTHER PROVISION CONTAINED IN ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT AMONG PLEDGOR ON THE ONE HAND AND AGENT AND/OR LENDERS ON THE OTHER HAND.

SOUTHWEST ELECTRONIC ENERGY CORPORATION

By: /s/ Linda S. Saunders
Print Name: Linda S. Saunders
Title: Vice President of Finance

[Signature Page to Pledge Agreement (Southwest) – KeyBank/Ultralife]

EXHIBIT A

PLEDGED SECURITIES

Name of Entity	Ownership Percentage	Certificate Number	Class of Equity
CLB, Inc.	100%	_____	_____

EXHIBIT B

IRREVOCABLE POWER TO TRANSFER SECURITY

FOR VALUE RECEIVED, the undersigned, SOUTHWEST ELECTRONIC ENERGY CORPORATION, a Texas corporation, does hereby sell, assign and transfer unto _____ all interest(s) in _____, a/n _____, standing in the name of the undersigned on the books of said entity and does hereby irrevocably constitute and appoint _____ attorney to transfer said interest(s) on the books of the within named entity with full power of substitution in the premises.

SOUTHWEST ELECTRONIC ENERGY CORPORATION

Date: _____

By: /s/ Linda S. Saunders
Print Name: Linda S. Saunders
Title: Vice President of Finance

ASSUMPTION AND JOINDER AGREEMENT, dated as of May 1, 2019 (this "Joinder"), is executed in connection with that certain FIRST AMENDMENT AGREEMENT dated as of the date hereof (the "First Amendment") among ULTRALIFE CORPORATION, a Delaware corporation ("Existing Borrower"), SOUTHWEST ELECTRONIC ENERGY CORPORATION, a Texas corporation ("Southwest"), CLB, INC., a Texas corporation ("CLB") (collectively, together with Southwest, the "Joining Borrowers", and each individually, a "Joining Borrower"), each other Person which may be added as a "Borrower" thereto, subsequent to the date hereof (collectively, together with the Existing Borrower and the Joining Borrowers, the "Borrowers", and each individually, a "Borrower"), the lending institutions currently a party to the Credit Agreement (as hereinafter defined) (each, a "Lender" and collectively, the "Lenders"), and KEYBANK NATIONAL ASSOCIATION ("KeyBank", and in its capacity as agent for the Lenders under the Credit Agreement, "Agent"), and is executed by and among (i) the Existing Borrower, (ii) the Joining Borrowers, (iii) Agent and (iv) Lenders. All capitalized terms used herein and not otherwise defined herein shall have the same meanings assigned to such terms in the First Amendment.

BACKGROUND

A. WHEREAS, Existing Borrower, Lenders and Agent are parties to a certain Credit and Security Agreement dated as of the May 31, 2017 (as amended and as may be further amended, supplemented or otherwise modified from time to time prior to the date hereof, the "Credit Agreement");

B. WHEREAS, on the date hereof, Existing Borrower shall acquire and purchase from Southwest Seller, directly or indirectly, one hundred percent (100%) of all of the issued and outstanding Capital Stock of Joining Borrowers pursuant to the Southwest Acquisition Agreement;

C. WHEREAS, in connection with the Southwest Acquisition, Existing Borrower, Lenders and Agent have agreed to make certain amendments and modifications to the Credit Agreement, including, without limitation, making certain new loans available in connection therewith in order to enable the Existing Borrower to complete the Southwest Acquisition and the joining of the Joining Borrowers immediately thereafter;

D. WHEREAS, Existing Borrower, Lenders and Agent desire to evidence the amendments and modifications described above by entering into the First Amendment;

E. WHEREAS, it is a condition to the execution and delivery of the First Amendment that the Joining Borrowers assume the obligations and undertakings as a Borrower under the Credit Agreement and the other Loan Documents, as applicable; and

F. WHEREAS, the Joining Borrowers have determined that the execution, delivery and performance of this Joinder directly benefits, and is within the corporate purpose and in the best interest of, the Joining Borrowers.

NOW THEREFORE, with the foregoing background hereinafter deemed incorporated by reference herein and made part hereof, the parties hereto, intending to be legally bound, promise and agree as follows:

1. Joinder; Amendment. Upon the effectiveness of this Joinder, each of the Joining Borrowers joins in as, assumes the duties, obligations, indebtedness, liabilities, covenants and undertakings of, adopts the obligations, liabilities and role of and becomes a Borrower under the Credit Agreement and the other Loan Documents. All references to "Borrower" or "Borrowers" contained in the Credit Agreement and the other Loan Documents are hereby deemed for all purposes to also refer to and include each of the Joining Borrowers as a Borrower, as the case may be, and each of the Joining Borrowers hereby agrees to be bound by and to comply with all terms and conditions of the Credit Agreement and the other Loan Documents as if it were an original signatory to the Credit Agreement and the other Loan Documents in such capacities, and the Credit Agreement and the other Loan Documents are hereby deemed amended, as appropriate, to so provide. Without limiting the generality of the provisions of this paragraph, each of the Joining Borrowers hereby agrees that it is, and will be, jointly and severally liable as a Borrower for all Loans and other Secured Debt incurred prior to the date hereof by Existing Borrower in Existing Borrower's capacity a Borrower under the Credit Agreement and the other Loan Documents.

2. Security Interest. Without limiting the generality of Section 1 of this Joinder, to secure the prompt payment and performance of the Secured Debt to Agent, each of the Joining Borrowers (in its capacity as a Borrower under the Credit Agreement) hereby pledges and grants to Agent, for its benefit and the benefit of the other Lenders, a continuing security interest in and to and Lien on all of its Collateral, whether now owned or existing or hereafter acquired or arising and wheresoever located.

3. Representations and Warranties of the Joining Borrower. Each of the Joining Borrowers hereby:

(a) reaffirms and restates as of the date hereof all representations and warranties made by any Borrower under the Credit Agreement and the other Loan Documents;

(b) reaffirms all of the covenants applicable to any Borrower contained in the Credit Agreement and the other Loan Documents, in each case as amended by this Joinder, and covenants to abide thereby until the satisfaction in full of the Secured Debt and the termination of the commitments of Agent and Lenders to extend credit under the Credit Agreement or any other Loan Document; and

(c) represents and warrants that (i) it has full power, authority and legal right to enter into this Joinder and to perform all its respective duties, obligations, indebtedness, liabilities, covenants and undertakings hereunder, (ii) this Joinder has been duly executed and delivered by such Joining Borrower, and this Joinder constitutes the legal, valid and binding obligation of such Joining Borrower enforceable in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally and the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganization and other laws generally affecting the rights of creditors; (iii) the execution, delivery and performance of this Joinder (1) are within such Joining Borrower's corporate or company powers, as applicable, have been duly authorized by all necessary corporate or company action, as applicable, are not in contravention of the terms of such Joining Borrower's Organizational Documents or of any material agreement or undertaking to which such Joining Borrower is a party or by which it is bound, (2) will not conflict with or violate any applicable law, or any applicable judgment, order or decree of any Governmental Authority, (3) will not require the consent, authorization or approval of any Governmental Authority, or any other Person, except those consents, authorizations or approvals the failure of which to obtain would not be reasonably likely to have a Material Adverse Effect, all of which will have been duly obtained, made or compiled prior to the First Amendment Closing Date and which are in full force and effect and (4) will not conflict with, nor result in any breach in any of the provisions of or constitute a default under or result in the creation of any Lien except Permitted Liens upon any asset of such Joining Borrower under the provisions of any agreement, contract, document, undertaking or other instrument to which such Joining Borrower is a party or by which it or its property is a party or by which it may be bound.

4. Existing Borrower's Pledge Agreement. Pursuant to Existing Borrower's Pledge Agreement (the "Pledge Agreement"), Existing Borrower hereby confirms its grant of a security interest in the Capital Stock of Southwest as security for the Debt, and confirms that such Capital Stock of Southwest shall be considered Pledged Collateral (as defined in the Pledge Agreement) thereunder. As of the date hereof, Existing Borrower hereby reaffirms the representations and warranties contained in the Pledge Agreement.

5. Conditions Precedent/Effectiveness Conditions. This Joinder shall be effective upon:

(a) The satisfaction of all of the conditions precedent set forth in the First Amendment; and

(b) Execution and delivery of this Joinder by all parties hereto.

6. Reaffirmation of Credit Agreement and the Other Loan Documents. Except as modified by the terms hereof, all of the terms and conditions of the Credit Agreement and the other Loan Documents are hereby reaffirmed and shall continue in full force and effect as therein written.

7. Miscellaneous.

(a) Successors and Assigns. This Joinder shall be binding upon and inure to the benefit of each of the Joining Borrowers, each other Borrower, Agent, each Lender and all future holders of the Secured Debt (or any portion thereof) and their respective successors and assigns, except that the Joining Borrowers may not assign or transfer any of their rights or obligations under this Joinder without the prior written consent of Agent and each Lender.

(b) Third Party Rights. No rights are intended to be created hereunder for the benefit of any third party donee, creditor, or incidental beneficiary.

(c) Headings. The headings of any paragraph of this Joinder are for convenience only and shall not be used to interpret any provision hereof.

(d) Governing Law. This Joinder shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of laws (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law).

(e) Counterparts. This Joinder may be executed in any number of and by different parties hereto on separate counterparts, all of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile or electronic transmission (including email transmission of a PDF copy) shall be deemed to be an original signature hereto.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Joinder to be executed and delivered by their duly authorized officers as of the date first above written.

JOINING BORROWERS:

SOUTHWEST ELECTRONIC ENERGY CORPORATION

By: /s/ Linda S. Saunders
Name: Linda S. Saunders
Title: Vice President of Finance

CLB, INC.

By: /s/ Linda S. Saunders
Name: Linda S. Saunders
Title: Vice President of Finance

EXISTING BORROWER:

ULTRALIFE CORPORATION

By: /s/ Philip A. Fain
Name: Philip A. Fain
Title: Chief Financial Officer and Treasurer

AGENT AND LENDERS:

KEYBANK NATIONAL ASSOCIATION,
as Agent and as a Lender

By: /s/ Peter F. Leonard
Name: Peter F. Leonard
Title: Senior Vice President

Exhibit 10.6

TERM NOTE

$8,000,000

Newark, New York
May 1, 2019

FOR VALUE RECEIVED, the undersigned, ULTRALIFE CORPORATION, a Delaware corporation ("Ultralife"), SOUTHWEST ELECTRONIC ENERGY CORPORATION, a Texas corporation ("Southwest"), CLB, INC., a Texas corporation ("CLB"), each other Person which may be added as a "Borrower" hereto, subsequent to the date hereof (collectively, together with Ultralife, CLB, and Southwest, the "Borrowers", and each individually, a "Borrower"), jointly and severally promise to pay to the order of KEYBANK NATIONAL ASSOCIATION ("Lender") at the office of KEYBANK NATIONAL ASSOCIATION, as Agent, 726 Exchange Street, Suite 900, Buffalo, NY 14210, the principal sum of

EIGHT MILLION AND 00/100 DOLLARS

in lawful money of the United States of America at such times, in such amounts and in such manner as provided in Section 2.1B of the Credit Agreement or such earlier time as a prepayment is required pursuant to the Credit Agreement. As used herein, "Credit Agreement" means the Credit and Security Agreement dated as of even date herewith, among Borrowers, certain other Credit Parties from time to time party thereto, the lenders named therein and KeyBank National Association, as Agent, as the same may from time to time be amended, restated or otherwise modified. Capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement.

Borrowers also promise to pay interest on the unpaid principal amount of the Term Loan from time to time outstanding, from the date of the Term Loan until the payment in full thereof, at the rates per annum which shall be determined in accordance with the provisions of Section 2.1B of the Credit Agreement. Such interest shall be payable on each date provided for in such Section 2.1B; provided, however, that interest on any principal portion which is not paid when due shall be payable on demand.

The portions of the principal sum hereof from time to time representing the Term Loan, and payments of principal of either thereof, shall be shown on the records of Lender by such method as Lender may generally employ; provided, however, that failure to make any such entry shall in no way detract from Borrowers' obligations under this Note.

If this Note shall not be paid at maturity, whether such maturity occurs by reason of lapse of time or by operation of any provision for acceleration of maturity contained in the Credit Agreement, the principal hereof and the unpaid interest thereon shall bear interest, until paid, at a rate per annum equal to the Default Rate. All payments of principal of and interest on this Note shall be made in immediately available funds. In the event of a failure to pay interest or principal, when the same becomes due after giving effect to any applicable grace or cure period, Lender may collect and Borrowers agree to pay a late charge of an amount equal to the greater of $50 or 5% of the amount of such late payment.

This Note is one of the Term Notes referred to in the Credit Agreement. Reference is made to the Credit Agreement for a description of the right of the undersigned to anticipate payments hereof, the right of the holder hereof to declare this Note due prior to its stated maturity, and other terms and conditions upon which this Note is issued.

Except as expressly provided in the Credit Agreement, each Borrower expressly waives presentment, demand, protest and notice of any kind.

EACH OF THE UNDERSIGNED WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG BORROWERS, AGENT AND THE LENDERS, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS NOTE, THE CREDIT AND SECURITY AGREEMENT OR ANY OTHER NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED THERETO. THIS WAIVER SHALL NOT IN ANY WAY AFFECT, WAIVE, LIMIT, AMEND OR MODIFY AGENT'S OR ANY LENDER'S ABILITY TO PURSUE REMEDIES PURSUANT TO ANY PROVISION CONTAINED IN ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT AMONG BORROWERS, AGENT AND THE LENDERS, OR ANY THEREOF.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Term Note as of the date and year first written above.

ULTRALIFE CORPORATION

By: /s/ Philip A. Fain
Print Name: Philip A. Fain
Title: Chief Financial Officer and Treasurer

SOUTHWEST ELECTRONIC ENERGY CORPORATION

By: /s/ Linda S. Saunders
Print Name: Linda S. Saunders
Title: Vice President of Finance

CLB, INC.

By: /s/ Linda S. Saunders
Print Name: Linda S. Saunders
Title: Vice President of Finance

Ultralife Corporation Reports First Quarter Results

Acquires Southwest Electronic Energy Corporation for $25.0 Million

NEWARK, N.Y. – May 2, 2019 -- Ultralife Corporation (NASDAQ: ULBI) reported operating income of $0.5 million on revenue of $18.9 million for the first quarter ended March 31, 2019 compared to operating income of $2.4 million on revenue of $23.1 million for the first quarter ended April 1, 2018.

First Quarter 2019 Financial Results

"First quarter results were significantly impacted by a reduction in government/defense sales largely due to delays of amplifier shipments under the U.S. Army's Network Modernization initiatives by Communications Systems. We are now operating at a higher rate of amplifier production and have produced more units in the month of April than during the entire first quarter. In addition, normal fluctuations in government/defense order flow resulted in a decline in Battery & Energy Products sales that was buffered by continued strength in medical sales," said Michael D. Popielec, President and Chief Executive Officer. "With key amplifier product shipments now increasing and robust opportunities for growth from our diversified set of commercial and government/defense customers ahead of us, we remain well positioned for another year of profitable growth in 2019."

Revenue was $18.9 million, a decrease of $4.2 million, or 18.2%, compared to $23.1 million for the first quarter of 2018. Battery & Energy Products sales decreased $1.2 million, or 7.1%, to $16.0 million compared to $17.2 million last year due primarily to timing differences in government/defense shipments, not fully offset by a 10.4% increase in medical sales. Communications Systems sales decreased 50.7% to $2.9 million compared to $5.8 million for the same period last year as the initial start-up production and shipment of products to support the U.S. Army's Network Modernization initiatives under the delivery orders announced in October 2018 were less than Q1 2018 shipments of Vehicle Amplifier Adapters for the U.S. Army's Special Force Assistance Brigades under a contract awarded in December 2017 and shipments of power supplies to a large global defense prime contractor.

Gross profit was $5.1 million, or 26.9% of revenue, compared to $7.3 million, or 31.6% of revenue, for the same quarter a year ago. Battery & Energy Products' gross margin was 27.6%, compared to 29.2% last year, primarily due to sales mix. Communications Systems' gross margin was 23.4%, compared to 38.4% last year, primarily due to costs incurred to commence production of Communications Systems large program awards received in October 2018 for shipment in 2019.

Operating expenses were $4.5 million compared to $4.9 million last year reflecting continued tight control over discretionary spending. Operating expenses were 24.0% of revenue compared to 21.4% of revenue for the year-earlier period.

Operating income was $0.5 million compared to $2.4 million last year for an operating margin of 2.9% compared to 10.2% last year.

Net income was $0.4 million, or $0.03 per share, compared to net income of $2.2 million, or $0.14 per share ($0.13 per diluted share), for the first quarter of 2018.

Acquisition of Southwest Electronic Energy Corporation

Ultralife also announced today that it has acquired all of the outstanding shares of Southwest Electronic Energy Corporation ("SWE"), including its ISO certified manufacturing and technology facility, for $25.0 million in cash, subject to a customary working capital adjustment.

Based in Missouri City, TX, SWE is a leading independent designer and manufacturer of high-performance smart battery systems and battery packs to customer specifications using Lithium cells. SWE serves a variety of industrial markets, including oil & gas, remote monitoring, process control and marine, which demand uncompromised safety, service, reliability and quality.

For the trailing twelve-month period ended December 31, 2018, SWE generated revenue of over $28 million. The transaction is expected to be accretive on an EPS basis within 12 months.

"This acquisition advances our strategy of commercial revenue diversification and enhances the operating leverage of our business model. SWE checks nearly every box in our profile of an ideal acquisition candidate: a complementary line of highly engineered, mission critical, differentiated products; a blue-chip customer base; an innovative culture similar to our own; an experienced technical engineering and new product development team; a very strong management team; and a business model aligned with our core business. We welcome the SWE team to Ultralife and look forward to a smooth integration process," said Michael D. Popielec, President and Chief Executive Officer.

About Ultralife Corporation

Ultralife Corporation serves its markets with products and services ranging from power solutions to communications and electronics systems. Through its engineering and collaborative approach to problem solving, Ultralife serves government, defense and commercial customers across the globe.

Headquartered in Newark, New York, the Company's business segments include Battery & Energy Products and Communications Systems. Ultralife has operations in North America, Europe and Asia. For more information, visit www.ultralifecorporation.com.

Conference Call Information

Ultralife will hold a conference call today at **8:30 AM ET** to discuss first quarter results and the acquisiton. To participate in the live call, please dial (800) 915-4836 at least ten minutes before the scheduled start time, identify yourself and ask for the Ultralife call. A live webcast of the conference call will be available to investors in the Events & Presentations section of the Company's website at http://investor.ultralifecorporation.com. For those who cannot listen to the live broadcast, a replay of the webcast will be available shortly after the call at the same location.

This press release may contain forward-looking statements based on current expectations that involve a number of risks and uncertainties. The potential risks and uncertainties that could cause actual results to differ materially include: potential reductions in revenues from key customers, uncertain global economic conditions and acceptance of our new products on a global basis. The Company cautions investors not to place undue reliance on forward-looking statements, which reflect the Company's analysis only as of today's date. The Company undertakes no obligation to publicly update forward-looking statements to reflect subsequent events or circumstances. Further information on these factors and other factors that could affect Ultralife's financial results is included in Ultralife's Securities and Exchange Commission (SEC) filings, including the latest Annual Report on Form 10-K.

ULTRALIFE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)
(Unaudited)

ASSETS

	March 31, 2019	December 31, 2018 *As Adjusted (1)*
Current Assets:		
Cash	$ 21,240	$ 25,934
Trade Accounts Receivable, Net	13,938	16,015
Inventories, Net	27,906	22,843
Prepaid Expenses and Other Current Assets	2,397	2,368
Total Current Assets	65,481	67,160
Property, Equipment and Improvements, Net	12,398	10,744
Goodwill	20,251	20,109
Other Intangible Assets, Net	6,484	6,504
Deferred Income Taxes, Net	15,421	15,444
Other Noncurrent Assets	916	887
Total Assets	$ 120,951	$ 120,848

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:		
Accounts Payable	$ 11,307	$ 9,919
Accrued Compensation and Related Benefits	1,364	1,494
Accrued Expenses and Other Current Liabilities	3,325	3,973
Total Current Liabilities	15,996	15,386
Deferred Income Taxes	564	591
Other Noncurrent Liabilities	468	408
Total Liabilities	17,028	16,385
Shareholders' Equity:		
Common Stock	2,013	2,005
Capital in Excess of Par Value	183,163	182,630
Accumulated Deficit	(57,610)	(58,035)
Accumulated Other Comprehensive Loss	(2,351)	(2,786)
Treasury Stock	(21,231)	(19,266)
Total Ultralife Equity	103,984	104,548
Non-Controlling Interest	(61)	(85)
Total Shareholders' Equity	103,923	104,463
Total Liabilities and Shareholders' Equity	$ 120,951	$ 120,848

(1) Effective January 1, 2019, the Company adopted Accounting Standards Codification Topic 842 (ASC 842), *Leases*. Pursuant to ASC 842, lease liabilities and right-of-use assets for the Company's operating leases have been recognized on the consolidated balance sheet. Lease liabilities are recorded as other current and other noncurrent liabilities. Right-of-use assets are recorded as other noncurrent assets. For comparability, the Company has elected to recast the prior year comparative period to recognize the effects of ASC 842 including the recognition to equity of a $71 cumulative effect adjustment.

ULTRALIFE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands Except Per Share Amounts)
(Unaudited)

	Three-Month Periods Ended	
	March 31, 2019	**April 1, 2018**
Revenues:		
Battery & Energy Products	$ 15,998	$ 17,224
Communications Systems	2,884	5,845
Total Revenues	18,882	23,069
Cost of Products Sold:		
Battery & Energy Products	11,588	12,188
Communications Systems	2,210	3,599
Total Cost of Products Sold	13,798	15,787
Gross Profit	5,084	7,282
Operating Expenses:		
Research and Development	1,036	1,101
Selling, General and Administrative	3,500	3,825
Total Operating Expenses	4,536	4,926
Operating Income	548	2,356
Other Expense	(58)	(133)
Income Before Income Tax Provision	490	2,223
Income Tax Provision	(41)	(55)
Net Income	449	2,168
Net Income Attributable to Non-Controlling Interest	(24)	(17)
Net Income Attributable to Ultralife Corporation	$ 425	$ 2,151
Net Income Per Share Attributable to Ultralife Common Shareholders – Basic	$ 0.03	$ 0.14
Net Income Per Share Attributable to Ultralife Common Shareholders – Diluted	$ 0.03	$ 0.13
Weighted Average Shares Outstanding – Basic	15,740	15,704
Weighted Average Shares Outstanding – Diluted	16,225	16,202